

HOUSE BILL No. 2165

By Committee on Taxation

2-4

1 AN ACT concerning taxation; relating to income tax, rates and
2 elimination of tax on corporations; sales taxation, exemptions, rates
3 and distribution of revenue and imposition of tax on certain services;
4 eliminating food sales tax refund; amending K.S.A. 2010 Supp. 12-
5 198, 79-32,110, 79-3602, 79-3603, 79-3606, 79-3620, 79-3703 and
6 79-3710 and repealing the existing sections; also repealing K.S.A. 79-
7 3632, 79-3634, 79-3636, 79-3637 and 79-3638 and K.S.A. 2010 Supp.
8 79-3633, 79-3635 and 79-3639.

9
10 *Be it enacted by the Legislature of the State of Kansas:*

11 Section 1. On January 1, 2012, K.S.A. 2010 Supp. 12-198 is hereby
12 amended to read as follows: 12-198. (a) A compensating use tax for the
13 privilege of using or storing within a city or county any tangible personal
14 property or any vehicle which is required to be registered under the
15 provisions of article 1 of chapter 8 of the Kansas Statutes Annotated, and
16 amendments thereto, or any vessel, as defined by K.S.A. 82a-802, and
17 amendments thereto, *or using, consuming or realizing the benefits from*
18 *within a city or county any service that would otherwise be subject to*
19 *retailer's sales tax if purchased in this state*, is hereby imposed by every
20 city, county or municipal university imposing a retailers' sales tax. The
21 rate of any such tax shall be fixed at the same rate as such city's, county's
22 or university's retailers' sales tax. Any city, county or municipal university
23 imposing a compensating use tax is prohibited from administering or
24 collecting such tax locally, but shall utilize the services of the state
25 department of revenue to administer, enforce and collect such tax. Such
26 tax shall be identical in its application and exemptions therefrom to the
27 Kansas compensating tax, and all laws and rules and regulations of the
28 state department of revenue relating to the Kansas compensating tax shall
29 apply to such local compensating use tax insofar as the same may be
30 made applicable. If any contractor has entered into a written, binding
31 contract prior to July 1, 2003, for the construction, reconstruction,
32 restoration, replacement, repair, equipment or improvement of a bridge or
33 highway, street, road, alley, sewer, sewage system, water line, water
34 system or other related improvement, and such contract includes the
35 furnishing to or by the contractor of tangible personal property which is
36 to become part of the completed improvement subject to the tax imposed

1 by this section, and which would have been exempt from taxation
2 pursuant to this section prior to its enactment effective on July 1, 2003,
3 such furnishing of tangible personal property shall continue to be exempt
4 from taxation pursuant to this section, if the contractor gives notice and
5 proof of such contract to the director of taxation on or before July 10,
6 2004. Such notice and proof shall be in such form and of such sufficiency
7 as the director prescribes.

8 (b) The secretary of revenue is authorized to administer, enforce and
9 collect a city's, county's or municipal university's compensating use tax
10 and to adopt such rules and regulations necessary for the efficient and
11 effective administration, enforcement and collection thereof. The state
12 director of taxation shall cause such taxes to be collected within the
13 boundaries of such taxing subdivision at the same time and in the same
14 manner provided for the collection of the state compensating use tax. All
15 moneys collected by the director of taxation pursuant to the provisions of
16 this section shall be credited to the city and county compensating use tax
17 fund or to the municipal university compensating use tax fund, which
18 funds are hereby established in the state treasury. Any refund due on any
19 city's, county's or municipal university's compensating use tax collected
20 pursuant to this section shall be paid out of the sales tax refund fund and
21 reimbursement to such fund shall be made by the director of taxation
22 from collections of local compensating use tax revenue. All moneys
23 collected pursuant to this section for a city or county shall be remitted at
24 least quarterly by the state treasurer to the treasurer of such city, county or
25 university.

26 (c) All revenue received by any county treasurer from a countywide
27 compensating use tax shall be apportioned among the county and each
28 city located in such county in the same manner as provided in K.S.A. 12-
29 192, and amendments thereto, for the apportionment of revenue received
30 from a countywide retailers' sales tax.

31 Sec. 2. K.S.A. 2010 Supp. 79-32,110 is hereby amended to read as
32 follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise
33 provided by subsection (a) of K.S.A. 79-3220, and amendments thereto, a
34 tax is hereby imposed upon the Kansas taxable income of every resident
35 individual, which tax shall be computed in accordance with the following
36 tax schedules:

37 (1) *Married individuals filing joint returns.*

38 (A) *For tax years 2010 and 2011:*

39 If the taxable income is:.....The tax is:

40 Not over \$30,0003.5% of Kansas
41 taxable income

42 Over \$30,000 but not over \$60,000\$1,050 plus
43 6.25% of excess over \$30,000

1 Over \$60,000\$2,925 plus
 2 6.45% of excess over \$60,000

3 (B) For tax year 2012, and all tax years thereafter:

4 If the taxable income is:.....The tax is:

5 Not over \$30,0002.8% of Kansas
 6 taxable income

7 Over \$30,000 but not over \$60,000\$840 plus 5.3% of
 8 excess over \$30,000

9 Over \$60,000\$2,430 plus
 10 5.85% of excess over \$60,000

11 (2) All other individuals.

12 (A) For tax year 1997:

13 If the taxable income is:.....The tax is:

14 Not over \$20,0004.1% of Kansas taxable income

15 Over \$20,000 but not over \$30,000\$820 plus 7.5% of
 16 excess over \$20,000

17 Over \$30,000\$1,570 plus 7.75% of excess over \$30,000

18 (B) For tax year 1998, and all tax years thereafter (A) For tax years
 19 2010 and 2011:

20 If the taxable income is:.....The tax is:

21 Not over \$15,000.....3.5% of Kansas
 22 taxable income

23 Over \$15,000 but not over \$30,000.....\$525 plus 6.25%
 24 of excess over \$15,000

25 Over \$30,000.....\$1,462.50 plus
 26 6.45% of excess over \$30,000

27 (B) For tax year 2012, and all tax years thereafter:

28 If the taxable income is:.....The tax is:

29 Not over \$15,0002.8% of Kansas
 30 taxable income

31 Over \$15,000 but not over \$30,000\$420 plus 5.3%
 32 of excess over \$15,000

33 Over \$30,000\$1,215 plus
 34 5.85% of excess over \$30,000

35 (b) *Nonresident Individuals.* A tax is hereby imposed upon the
 36 Kansas taxable income of every nonresident individual, which tax shall
 37 be an amount equal to the tax computed under subsection (a) as if the
 38 nonresident were a resident multiplied by the ratio of modified Kansas
 39 source income to Kansas adjusted gross income.

40 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
 41 income of every corporation doing business within this state or deriving
 42 income from sources within this state. Such tax shall consist of a normal
 43 tax and a surtax and shall be computed as follows:

1 (1) (A) For tax year 2010, the normal tax shall be in an amount
2 equal to 4% of the Kansas taxable income of such corporation; and

3 (B) for tax year 2011, the normal tax shall be in an amount equal to
4 2% of the Kansas taxable income of such corporation; and

5 (C) for tax year 2012, and all tax years thereafter, there is no tax
6 imposed on the Kansas taxable income of such corporation pursuant to
7 this subsection;

8 (2) (A) ~~for tax year 2008, the surtax shall be in an amount equal to~~
9 ~~3.1% of the Kansas taxable income of such corporation in excess of~~
10 ~~\$50,000;~~

11 ~~(B) for tax years 2009 and for tax year 2010, the surtax shall be in~~
12 ~~an amount equal to 3.05% of the Kansas taxable income of such~~
13 ~~corporation in excess of \$50,000; and~~

14 ~~(C)(B) for tax year 2011, and all tax years thereafter, the surtax shall~~
15 ~~be in an amount equal to 3% 1.525% of the Kansas taxable income of~~
16 ~~such corporation in excess of \$50,000.; and~~

17 (C) for tax year 2012, and all tax years thereafter, there is no surtax
18 imposed on Kansas taxable income of such corporation in excess of
19 \$50,000 pursuant to this subsection.

20 (d) *Fiduciaries*. A tax is hereby imposed upon the Kansas taxable
21 income of estates and trusts at the rates provided in paragraph (2) of
22 subsection (a) hereof.

23 Sec. 3. On January 1, 2012, K.S.A. 2010 Supp. 79-3602 is hereby
24 amended to read as follows: 79-3602. Except as otherwise provided, as
25 used in the Kansas retailers' sales tax act:

26 (a) "Agent" means a person appointed by a seller to represent the
27 seller before the member states.

28 (b) "Agreement" means the multistate agreement entitled the
29 streamlined sales and use tax agreement approved by the streamlined
30 sales tax implementing states at Chicago, Illinois on November 12, 2002.

31 (c) "Alcoholic beverages" means beverages that are suitable for
32 human consumption and contain .05% or more of alcohol by volume.

33 (d) "Certified automated system (CAS)" means software certified
34 under the agreement to calculate the tax imposed by each jurisdiction on a
35 transaction, determine the amount of tax to remit to the appropriate state
36 and maintain a record of the transaction.

37 (e) "Certified service provider (CSP)" means an agent certified
38 under the agreement to perform all the seller's sales and use tax functions,
39 other than the seller's obligation to remit tax on its own purchases.

40 (f) "Computer" means an electronic device that accepts information
41 in digital or similar form and manipulates it for a result based on a
42 sequence of instructions.

43 (g) "Computer software" means a set of coded instructions designed

1 to cause a computer or automatic data processing equipment to perform a
2 task.

3 (h) "Delivered electronically" means delivered to the purchaser by
4 means other than tangible storage media.

5 (i) "Delivery charges" means charges by the seller of personal
6 property or services for preparation and delivery to a location designated
7 by the purchaser of personal property or services including, but not
8 limited to, transportation, shipping, postage, handling, crating and
9 packing. Delivery charges shall not include charges for delivery of direct
10 mail if the charges are separately stated on an invoice or similar billing
11 document given to the purchaser.

12 (j) "Direct mail" means printed material delivered or distributed by
13 United States mail or other delivery services to a mass audience or to
14 addressees on a mailing list provided by the purchaser or at the direction
15 of the purchaser when the cost of the items are not billed directly to the
16 recipients. Direct mail includes tangible personal property supplied
17 directly or indirectly by the purchaser to the direct mail seller for
18 inclusion in the package containing the printed material. Direct mail does
19 not include multiple items of printed material delivered to a single
20 address.

21 (k) "Director" means the state director of taxation.

22 (l) "Educational institution" means any nonprofit school, college and
23 university that offers education at a level above the twelfth grade, and
24 conducts regular classes and courses of study required for accreditation
25 by, or membership in, the north central association of colleges and
26 schools, the state board of education, or that otherwise qualify as an
27 "educational institution," as defined by K.S.A. 74-50,103, and
28 amendments thereto. Such phrase shall include: (1) A group of
29 educational institutions that operates exclusively for an educational
30 purpose; (2) nonprofit endowment associations and foundations
31 organized and operated exclusively to receive, hold, invest and administer
32 moneys and property as a permanent fund for the support and sole benefit
33 of an educational institution; (3) nonprofit trusts, foundations and other
34 entities organized and operated principally to hold and own receipts from
35 intercollegiate sporting events and to disburse such receipts, as well as
36 grants and gifts, in the interest of collegiate and intercollegiate athletic
37 programs for the support and sole benefit of an educational institution;
38 and (4) nonprofit trusts, foundations and other entities organized and
39 operated for the primary purpose of encouraging, fostering and
40 conducting scholarly investigations and industrial and other types of
41 research for the support and sole benefit of an educational institution.

42 (m) "Electronic" means relating to technology having electrical,
43 digital, magnetic, wireless, optical, electromagnetic or similar

1 capabilities.

2 (n) "Food and food ingredients" means substances, whether in
3 liquid, concentrated, solid, frozen, dried or dehydrated form, that are sold
4 for ingestion or chewing by humans and are consumed for their taste or
5 nutritional value. "Food and food ingredients" does not include alcoholic
6 beverages or tobacco.

7 (o) "Gross receipts" means the total selling price or the amount
8 received as defined in this act, in money, credits, property or other
9 consideration valued in money from sales at retail within this state; and
10 embraced within the provisions of this act. The taxpayer, may take credit
11 in the report of gross receipts for: (1) An amount equal to the selling price
12 of property returned by the purchaser when the full sale price thereof,
13 including the tax collected, is refunded in cash or by credit; and (2) an
14 amount equal to the allowance given for the trade-in of property.

15 (p) "Ingredient or component part" means tangible personal property
16 which is necessary or essential to, and which is actually used in and
17 becomes an integral and material part of tangible personal property or
18 services produced, manufactured or compounded for sale by the producer,
19 manufacturer or compounder in its regular course of business. The
20 following items of tangible personal property are hereby declared to be
21 ingredients or component parts, but the listing of such property shall not
22 be deemed to be exclusive nor shall such listing be construed to be a
23 restriction upon, or an indication of, the type or types of property to be
24 included within the definition of "ingredient or component part" as herein
25 set forth:

26 (1) Containers, labels and shipping cases used in the distribution of
27 property produced, manufactured or compounded for sale which are not
28 to be returned to the producer, manufacturer or compounder for reuse.

29 (2) Containers, labels, shipping cases, paper bags, drinking straws,
30 paper plates, paper cups, twine and wrapping paper used in the
31 distribution and sale of property taxable under the provisions of this act
32 by wholesalers and retailers and which is not to be returned to such
33 wholesaler or retailer for reuse.

34 (3) Seeds and seedlings for the production of plants and plant
35 products produced for resale.

36 (4) Paper and ink used in the publication of newspapers.

37 (5) Fertilizer used in the production of plants and plant products
38 produced for resale.

39 (6) Feed for animals, fowl and aquatic plants and animals, the
40 primary purpose of which is use in agriculture or aquaculture, as defined
41 in K.S.A. 47-1901, and amendments thereto, the production of food for
42 human consumption, the production of animal, dairy, poultry or aquatic
43 plant and animal products, fiber, fur, or the production of offspring for

1 use for any such purpose or purposes.

2 (q) "Isolated or occasional sale" means the nonrecurring sale of
3 tangible personal property, or services taxable hereunder by a person not
4 engaged at the time of such sale in the business of selling such property
5 or services. Any religious organization which makes a nonrecurring sale
6 of tangible personal property acquired for the purpose of resale shall be
7 deemed to be not engaged at the time of such sale in the business of
8 selling such property. Such term shall include: (1) Any sale by a bank,
9 savings and loan institution, credit union or any finance company
10 licensed under the provisions of the Kansas uniform consumer credit
11 code of tangible personal property which has been repossessed by any
12 such entity; and (2) any sale of tangible personal property made by an
13 auctioneer or agent on behalf of not more than two principals or
14 households if such sale is nonrecurring and any such principal or
15 household is not engaged at the time of such sale in the business of
16 selling tangible personal property.

17 (r) "Lease or rental" means any transfer of possession or control of
18 tangible personal property for a fixed or indeterminate term for
19 consideration. A lease or rental may include future options to purchase or
20 extend.

21 (1) Lease or rental does not include: (A) A transfer of possession or
22 control of property under a security agreement or deferred payment plan
23 that requires the transfer of title upon completion of the required
24 payments;

25 (B) a transfer or possession or control of property under an
26 agreement that requires the transfer of title upon completion of required
27 payments and payment of an option price does not exceed the greater of
28 \$100 or 1% of the total required payments; or

29 (C) providing tangible personal property along with an operator for a
30 fixed or indeterminate period of time. A condition of this exclusion is that
31 the operator is necessary for the equipment to perform as designed. For
32 the purpose of this subsection, an operator must do more than maintain,
33 inspect or set-up the tangible personal property.

34 (2) Lease or rental does include agreements covering motor vehicles
35 and trailers where the amount of consideration may be increased or
36 decreased by reference to the amount realized upon sale or disposition of
37 the property as defined in 26 U.S.C. § 7701(h)(1).

38 (3) This definition shall be used for sales and use tax purposes
39 regardless if a transaction is characterized as a lease or rental under
40 generally accepted accounting principles, the internal revenue code, the
41 uniform commercial code, K.S.A. 84-1-101 et seq. and amendments
42 thereto, or other provisions of federal, state or local law.

43 (4) This definition will be applied only prospectively from the

1 effective date of this act and will have no retroactive impact on existing
2 leases or rentals.

3 (s) "Load and leave" means delivery to the purchaser by use of a
4 tangible storage media where the tangible storage media is not physically
5 transferred to the purchaser.

6 (t) "Member state" means a state that has entered in the agreement,
7 pursuant to provisions of article VIII of the agreement.

8 (u) "Model 1 seller" means a seller that has selected a CSP as its
9 agent to perform all the seller's sales and use tax functions, other than the
10 seller's obligation to remit tax on its own purchases.

11 (v) "Model 2 seller" means a seller that has selected a CAS to
12 perform part of its sales and use tax functions, but retains responsibility
13 for remitting the tax.

14 (w) "Model 3 seller" means a seller that has sales in at least five
15 member states, has total annual sales revenue of at least \$500,000,000,
16 has a proprietary system that calculates the amount of tax due each
17 jurisdiction and has entered into a performance agreement with the
18 member states that establishes a tax performance standard for the seller.
19 As used in this subsection a seller includes an affiliated group of sellers
20 using the same proprietary system.

21 (x) "Municipal corporation" means any city incorporated under the
22 laws of Kansas.

23 (y) "Nonprofit blood bank" means any nonprofit place, organization,
24 institution or establishment that is operated wholly or in part for the
25 purpose of obtaining, storing, processing, preparing for transfusing,
26 furnishing, donating or distributing human blood or parts or fractions of
27 single blood units or products derived from single blood units, whether or
28 not any remuneration is paid therefor, or whether such procedures are
29 done for direct therapeutic use or for storage for future use of such
30 products.

31 (z) "Persons" means any individual, firm, copartnership, joint
32 adventure, association, corporation, estate or trust, receiver or trustee, or
33 any group or combination acting as a unit, and the plural as well as the
34 singular number; and shall specifically mean any city or other political
35 subdivision of the state of Kansas engaging in a business or providing a
36 service specifically taxable under the provisions of this act.

37 (aa) "Political subdivision" means any municipality, agency or
38 subdivision of the state which is, or shall hereafter be, authorized to levy
39 taxes upon tangible property within the state or which certifies a levy to a
40 municipality, agency or subdivision of the state which is, or shall
41 hereafter be, authorized to levy taxes upon tangible property within the
42 state. Such term also shall include any public building commission,
43 housing, airport, port, metropolitan transit or similar authority established

1 pursuant to law and the horsethief reservoir benefit district established
2 pursuant to K.S.A. 82a-2201, and amendments thereto.

3 (bb) "Prescription" means an order, formula or recipe issued in any
4 form of oral, written, electronic or other means of transmission by a duly
5 licensed practitioner authorized by the laws of this state.

6 ~~(cc) "Prewritten computer software" means computer software,~~
7 ~~including prewritten upgrades, which is not designed and developed by~~
8 ~~the author or other creator to the specifications of a specific purchaser.~~
9 ~~The combining of two or more prewritten computer software programs or~~
10 ~~prewritten portions thereof does not cause the combination to be other~~
11 ~~than prewritten computer software. Prewritten computer software~~
12 ~~includes software designed and developed by the author or other creator~~
13 ~~to the specifications of a specific purchaser when it is sold to a person~~
14 ~~other than the purchaser. Where a person modifies or enhances computer~~
15 ~~software of which the person is not the author or creator, the person shall~~
16 ~~be deemed to be the author or creator only of such person's modifications~~
17 ~~or enhancements. Prewritten computer software or a prewritten portion~~
18 ~~thereof that is modified or enhanced to any degree, where such~~
19 ~~modification or enhancement is designed and developed to the~~
20 ~~specifications of a specific purchaser, remains prewritten computer~~
21 ~~software, except that where there is a reasonable, separately stated charge~~
22 ~~or an invoice or other statement of the price given to the purchaser for~~
23 ~~such modification or enhancement, such modification or enhancement~~
24 ~~shall not constitute prewritten computer software.~~

25 (dd) "Property which is consumed" means tangible personal
26 property which is essential or necessary to and which is used in the actual
27 process of and consumed, depleted or dissipated within one year in (1)
28 the production, manufacture, processing, mining, drilling, refining or
29 compounding of tangible personal property, (2) the providing of services,
30 (3) the irrigation of crops, for sale in the regular course of business, or (4)
31 the storage or processing of grain by a public grain warehouse or other
32 grain storage facility, and which is not reusable for such purpose. The
33 following is a listing of tangible personal property, included by way of
34 illustration but not of limitation, which qualifies as property which is
35 consumed:

36 (A) Insecticides, herbicides, germicides, pesticides, fungicides,
37 fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and
38 chemicals for use in commercial or agricultural production, processing or
39 storage of fruit, vegetables, feeds, seeds, grains, animals or animal
40 products whether fed, injected, applied, combined with or otherwise used;

41 (B) electricity, gas and water; and

42 (C) petroleum products, lubricants, chemicals, solvents, reagents and
43 catalysts.

1 ~~(ee)~~(dd) "Purchase price" applies to the measure subject to use tax
2 and has the same meaning as sales price.

3 ~~(ff)~~(ee) "Purchaser" means a person to whom a sale of personal
4 property is made or to whom a service is furnished.

5 ~~(gg)~~(ff) "Quasi-municipal corporation" means any county, township,
6 school district, drainage district or any other governmental subdivision in
7 the state of Kansas having authority to receive or hold moneys or funds.

8 ~~(hh)~~(gg) "Registered under this agreement" means registration by a
9 seller with the member states under the central registration system
10 provided in article IV of the agreement.

11 ~~(ii)~~(hh) "Retailer" means a seller regularly engaged in the business
12 of selling, leasing or renting tangible personal property at retail or
13 furnishing electrical energy, gas, water, services or entertainment, and
14 selling only to the user or consumer and not for resale.

15 ~~(jj)~~(ii) "Retail sale" or "sale at retail" means any sale, lease or rental
16 for any purpose other than for resale, sublease or subrent.

17 ~~(kk)~~(jj) "Sale" or "sales" means the exchange of tangible personal
18 property, as well as the sale thereof for money, and every transaction,
19 conditional or otherwise, for a consideration, constituting a sale,
20 including the sale or furnishing of electrical energy, gas, water, services
21 or entertainment taxable under the terms of this act and including, except
22 as provided in the following provision, the sale of the use of tangible
23 personal property by way of a lease, license to use or the rental thereof
24 regardless of the method by which the title, possession or right to use the
25 tangible personal property is transferred. The term "sale" or "sales" shall
26 not mean the sale of the use of any tangible personal property used as a
27 dwelling by way of a lease or rental thereof for a term of more than 28
28 consecutive days.

29 ~~(l)~~(~~kk~~) (l) "Sales or selling price" applies to the measure subject
30 to sales tax and means the total amount of consideration, including cash,
31 credit, property and services, for which personal property or services are
32 sold, leased or rented, valued in money, whether received in money or
33 otherwise, without any deduction for the following:

34 (A) The seller's cost of the property sold;

35 (B) the cost of materials used, labor or service cost, interest, losses,
36 all costs of transportation to the seller, all taxes imposed on the seller and
37 any other expense of the seller;

38 (C) charges by the seller for any services necessary to complete the
39 sale, other than delivery and installation charges;

40 (D) delivery charges; and

41 (E) installation charges.

42 (2) "Sales or selling price" includes consideration received by the
43 seller from third parties if:

1 (A) The seller actually receives consideration from a party other
2 than the purchaser and the consideration is directly related to a price
3 reduction or discount on the sale;

4 (B) the seller has an obligation to pass the price reduction or
5 discount through to the purchaser;

6 (C) the amount of the consideration attributable to the sale is fixed
7 and determinable by the seller at the time of the sale of the item to the
8 purchaser; and

9 (D) one of the following criteria is met:

10 (i) The purchaser presents a coupon, certificate or other
11 documentation to the seller to claim a price reduction or discount where
12 the coupon, certificate or documentation is authorized, distributed or
13 granted by a third party with the understanding that the third party will
14 reimburse any seller to whom the coupon, certificate or documentation is
15 presented;

16 (ii) the purchaser identifies to the seller that the purchaser is a
17 member of a group or organization entitled to a price reduction or
18 discount. A preferred customer card that is available to any patron does
19 not constitute membership in such a group; or

20 (iii) the price reduction or discount is identified as a third party price
21 reduction or discount on the invoice received by the purchaser or on a
22 coupon, certificate or other documentation presented by the purchaser.

23 (3) "Sales or selling price" shall not include:

24 (A) Discounts, including cash, term or coupons that are not
25 reimbursed by a third party that are allowed by a seller and taken by a
26 purchaser on a sale;

27 (B) interest, financing and carrying charges from credit extended on
28 the sale of personal property or services, if the amount is separately stated
29 on the invoice, bill of sale or similar document given to the purchaser;

30 (C) any taxes legally imposed directly on the consumer that are
31 separately stated on the invoice, bill of sale or similar document given to
32 the purchaser;

33 (D) the amount equal to the allowance given for the trade-in of
34 property, if separately stated on the invoice, billing or similar document
35 given to the purchaser; and

36 (E) commencing on July 1, 2006, and ending on June 30, 2009, cash
37 rebates granted by a manufacturer to a purchaser or lessee of a new motor
38 vehicle if paid directly to the retailer as a result of the original sale.

39 ~~(mm)~~(ll) "Seller" means a person making sales, leases or rentals of
40 personal property or services.

41 ~~(nn)~~ "Service" means those services described in and taxed under the
42 provisions of K.S.A. 79-3603 and amendments thereto.

43 ~~(oo)~~(mm) "Sourcing rules" means the rules set forth in K.S.A. 2010

1 Supp. 79-3670 through 79-3673, K.S.A. 12-191 and 12-191a, and
2 amendments thereto, which shall apply to identify and determine the state
3 and local taxing jurisdiction sales or use taxes to pay, or collect and remit
4 on a particular retail sale.

5 ~~(pp)~~ (nn) "Tangible personal property" means personal property that
6 can be seen, weighed, measured, felt or touched, or that is in any other
7 manner perceptible to the senses. Tangible personal property includes
8 electricity, water, gas, steam and prewritten computer software.

9 ~~(qq)~~ (oo) "Taxpayer" means any person obligated to account to the
10 director for taxes collected under the terms of this act.

11 ~~(rr)~~ (pp) "Tobacco" means cigarettes, cigars, chewing or pipe
12 tobacco or any other item that contains tobacco.

13 ~~(ss)~~ (qq) "Entity-based exemption" means an exemption based on
14 who purchases the product or who sells the product. An exemption that is
15 available to all individuals shall not be considered an entity-based
16 exemption.

17 ~~(tt)~~ (rr) "Over-the-counter" drug means a drug that contains a label
18 that identifies the product as a drug as required by 21 C.F.R. § 201.66.
19 The over-the-counter drug label includes: (1) A drug facts panel; or (2) a
20 statement of the active ingredients with a list of those ingredients
21 contained in the compound, substance or preparation. Over-the-counter
22 drugs do not include grooming and hygiene products such as soaps,
23 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan
24 lotions and screens.

25 ~~(uu)~~ (ss) "Ancillary services" means services that are associated with
26 or incidental to the provision of telecommunications services, including,
27 but not limited to, detailed telecommunications billing, directory
28 assistance, vertical service and voice mail services.

29 ~~(vv)~~ (tt) "Conference bridging service" means an ancillary service
30 that links two or more participants of an audio or video conference call
31 and may include the provision of a telephone number. Conference
32 bridging service does not include the telecommunications services used to
33 reach the conference bridge.

34 ~~(ww)~~ (uu) "Detailed telecommunications billing service" means an
35 ancillary service of separately stating information pertaining to individual
36 calls on a customer's billing statement.

37 ~~(xx)~~ (vv) "Directory assistance" means an ancillary service of
38 providing telephone number information or address information, or both.

39 ~~(yy)~~ (ww) "Vertical service" means an ancillary service that is
40 offered in connection with one or more telecommunications services,
41 which offers advanced calling features that allow customers to identify
42 callers and to manage multiple calls and call connections, including
43 conference bridging services.

1 ~~(zz)~~ (xx) "Voice mail service" means an ancillary service that
2 enables the customer to store, send or receive recorded messages. Voice
3 mail service does not include any vertical services that the customer may
4 be required to have in order to utilize the voice mail service.

5 ~~(aaa)~~(yy) "Telecommunications service" means the electronic
6 transmission, conveyance or routing of voice, data, audio, video or any
7 other information or signals to a point, or between or among points. The
8 term telecommunications service includes such transmission, conveyance
9 or routing in which computer processing applications are used to act on
10 the form, code or protocol of the content for purposes of transmissions,
11 conveyance or routing without regard to whether such service is referred
12 to as voice over Internet protocol services or is classified by the federal
13 communications commission as enhanced or value added.
14 Telecommunications service does not include:

15 (1) Data processing and information services that allow data to be
16 generated, acquired, stored, processed or retrieved and delivered by an
17 electronic transmission to a purchaser where such purchaser's primary
18 purpose for the underlying transaction is the processed data or
19 information;

20 (2) installation or maintenance of wiring or equipment on a
21 customer's premises;

22 (3) tangible personal property;

23 (4) advertising, including, but not limited to, directory advertising;

24 (5) billing and collection services provided to third parties;

25 (6) internet access service;

26 (7) radio and television audio and video programming services,
27 regardless of the medium, including the furnishing of transmission,
28 conveyance and routing of such services by the programming service
29 provider. Radio and television audio and video programming services
30 shall include, but not be limited to, cable service as defined in 47 U.S.C.
31 § 522(6) and audio and video programming services delivered by
32 commercial mobile radio service providers, as defined in 47 C.F.R. §
33 20.3;

34 (8) ancillary services; or

35 (9) digital products delivered electronically, including, but not
36 limited to, software, music, video, reading materials or ring tones.

37 ~~(bbb)~~(zz) "800 service" means a telecommunications service that
38 allows a caller to dial a toll-free number without incurring a charge for
39 the call. The service is typically marketed under the name 800, 855, 866,
40 877 and 888 toll-free calling, and any subsequent numbers designated by
41 the federal communications commission.

42 ~~(eee)~~(aaa) "900 service" means an inbound toll telecommunications
43 service purchased by a subscriber that allows the subscriber's customers

1 to call in to the subscriber's prerecorded announcement or live service.
2 900 service does not include the charge for collection services provided
3 by the seller of the telecommunications services to the subscriber, or
4 service or product sold by the subscriber to the subscriber's customer. The
5 service is typically marketed under the name 900 service, and any
6 subsequent numbers designated by the federal communications
7 commission.

8 ~~(ddd)~~(bbb) "Value-added non-voice data service" means a service
9 that otherwise meets the definition of telecommunications services in
10 which computer processing applications are used to act on the form,
11 content, code or protocol of the information or data primarily for a
12 purpose other than transmission, conveyance or routing.

13 ~~(eee)~~(ccc) "International" means a telecommunications service that
14 originates or terminates in the United States and terminates or originates
15 outside the United States, respectively. United States includes the District
16 of Columbia or a U.S. territory or possession.

17 ~~(fff)~~(ddd) "Interstate" means a telecommunications service that
18 originates in one United States state, or a United States territory or
19 possession, and terminates in a different United States state or a United
20 States territory or possession.

21 ~~(ggg)~~(eee) "Intrastate" means a telecommunications service that
22 originates in one United States state or a United States territory or
23 possession, and terminates in the same United States state or a United
24 States territory or possession.

25 Sec. 4. On January 1, 2012, K.S.A. 2010 Supp. 79-3603 is hereby
26 amended to read as follows: 79-3603. *Unless made exempt from the tax*
27 *imposed by the Kansas retailer's sales tax*, for the privilege of engaging
28 in the business of selling tangible personal property at retail in this state
29 or rendering or furnishing any of the services taxable under this act, there
30 is hereby levied and there shall be collected and paid a tax ~~at the rate of~~
31 ~~5.3%, and~~, commencing July 1, 2010, at the rate of 6.3%, and
32 commencing ~~July 1, 2013~~*January 1, 2012*, at the rate of ~~5.7%~~*5.3%*.
33 Within a redevelopment district established pursuant to K.S.A. 74-8921,
34 and amendments thereto, there is hereby levied and there shall be
35 collected and paid an additional tax at the rate of 2% until the earlier of
36 the date the bonds issued to finance or refinance the redevelopment
37 project have been paid in full or the final scheduled maturity of the first
38 series of bonds issued to finance any part of the project upon:

39 (a) The gross receipts received from the sale of tangible personal
40 property at retail within this state, *and commencing January 1, 2012, the*
41 *rendering or furnishing of any services within this state except*
42 *ambulatory health care services and hospital services as described in*
43 *subsectors 621 and 622 of the North American industry classification*

1 *system, United States, 2002 edition. This imposition of tax is upon all*
2 *other services specifically named by law and upon services not*
3 *specifically named by law;*

4 (b) the gross receipts from intrastate, interstate or international
5 telecommunications services and any ancillary services sourced to this
6 state in accordance with K.S.A. 2010 Supp. 79-3673, and amendments
7 thereto, ~~except that telecommunications service does not include: (1) Any~~
8 ~~interstate or international 800 or 900 service; (2) any interstate or~~
9 ~~international private communications service as defined in K.S.A. 2010~~
10 ~~Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice~~
11 ~~data service; (4) any telecommunication service to a provider of~~
12 ~~telecommunication services which will be used to render~~
13 ~~telecommunications services, including carrier access services; or (5) any~~
14 ~~service or transaction defined in this section among entities classified as~~
15 ~~members of an affiliated group as provided by section 1504 of the federal~~
16 ~~internal revenue code of 1986, as in effect on January 1, 2001;~~

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

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

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

41 (f) the gross receipts from the operation of any coin-operated device
42 dispensing or providing tangible personal property, amusement or other
43 services ~~except laundry services, whether automatic or manually~~

1 ~~operated;~~

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

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

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

23 (j) the gross receipts from the rendering of the services of washing
24 and washing and waxing of vehicles;

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

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

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

39 (m) the gross receipts received from fees and charges by public and
40 private clubs, drinking establishments, organizations and businesses for
41 participation in sports, games and other recreational activities, ~~but such~~
42 ~~tax shall not be levied and collected upon the gross receipts received~~
43 ~~from: (1) Fees and charges by any political subdivision, by any~~

1 organization exempt from property taxation pursuant to paragraph *Ninth*
2 of K.S.A. 79-201, and amendments thereto, or by any youth recreation
3 organization exclusively providing services to persons 18 years of age or
4 younger which is exempt from federal income taxation pursuant to
5 section 501(c)(3) of the federal internal revenue code of 1986, for
6 participation in sports, games and other recreational activities; and (2)
7 entry fees and charges for participation in a special event or tournament
8 sanctioned by a national sporting association to which spectators are
9 charged an admission which is taxable pursuant to subsection (c);

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

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

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

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

24 For the purposes of this subsection:

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

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

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

1 improvements immediately surrounding such facility;

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

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

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

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

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

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

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

31 (u) the gross receipts received from the sale of prepaid calling
32 service and prepaid wireless calling service as defined in K.S.A. 2010
33 Supp. 79-3673, and amendments thereto; ~~and~~

34 (v) the gross receipts received from the sales of bingo cards, bingo
35 faces and instant bingo tickets by licensees under K.S.A. 79-4701, et seq.,
36 and amendments thereto, ~~shall be taxed at a rate of: (1) 4.9% on July 1,~~
37 ~~2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before~~
38 ~~July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo~~
39 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~
40 ~~and amendments thereto, shall be exempt from taxes imposed pursuant to~~
41 ~~this section.; and~~

42 (w) *sale of specified digital products. As used in this subsection: (1)*
43 *"Digital audio works" means works that result from the fixation of a*

1 *series of musical, spoken or other sounds, including ringtones;*

2 (2) *"digital audio-visual works" means a series of related images*
3 *which, when shown in succession, impart an impression of motion,*
4 *together with accompanying sounds, if any;*

5 (3) *"digital books" means works that are generally recognized in the*
6 *ordinary and usual sense as books;*

7 (4) *"electronically transferred" means obtained by the purchaser by*
8 *means other than tangible storage media;*

9 (5) *"ringtones" means digitized sound files that are downloaded*
10 *onto a device and that may be used to alert the customer with respect to a*
11 *communication; and*

12 (6) *"specified digital products" means electronically transferred*
13 *digital audio works, digital audio-visual works and digital books.*

14 Sec. 5. On January 1, 2012, K.S.A. 2010 Supp. 79-3606 is hereby
15 amended to read as follows: 79-3606. The following shall be exempt
16 from the tax imposed by this act:

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

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

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

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

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

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

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

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

31 ~~(g)(c) purchases of transportation equipment as defined in K.S.A.~~
32 ~~79-3670(d), and amendments thereto, by common carriers for use~~
33 ~~primarily in the carriage of persons or property in interstate commerce;~~

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

43 ~~(h) all rentals of nonsectarian textbooks by public or private~~

1 elementary or secondary schools;

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

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

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

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

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

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

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

1 ~~(p)~~(j) all sales of drugs dispensed pursuant to a prescription order by
2 a licensed practitioner or a mid-level practitioner as defined by K.S.A.
3 65-1626, and amendments thereto. As used in this subsection, "drug"
4 means a compound, substance or preparation and any component of a
5 compound, substance or preparation, other than food and food
6 ingredients, dietary supplements or alcoholic beverages, recognized in the
7 official United States pharmacopoeia, official homeopathic
8 pharmacopoeia of the United States or official national formulary, and
9 supplement to any of them, intended for use in the diagnosis, cure,
10 mitigation, treatment or prevention of disease or intended to affect the
11 structure or any function of the body;

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

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

36 ~~(s) except as provided in K.S.A. 2010 Supp. 82a-2101, and~~
37 ~~amendments thereto, all sales of tangible personal property or services~~
38 ~~purchased directly or indirectly by a groundwater management district~~
39 ~~organized or operating under the authority of K.S.A. 82a-1020 et seq. and~~
40 ~~amendments thereto, by a rural water district organized or operating~~
41 ~~under the authority of K.S.A. 82a-612, and amendments thereto, or by a~~
42 ~~water supply district organized or operating under the authority of K.S.A.~~
43 ~~19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto;~~

1 ~~which property or services are used in the construction activities,~~
2 ~~operation or maintenance of the district;~~

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

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

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

1 ~~or on behalf of any such contractor or organization for any such purpose;~~

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

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

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

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

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

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

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

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

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

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

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

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

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

1 ~~mobility enhancing equipment as defined in subsection (r), oxygen~~
2 ~~delivery equipment, kidney dialysis equipment or enteral feeding~~
3 ~~systems;~~

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

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

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

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

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

32 ~~(2) For purposes of this subsection:~~

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

43 ~~(B) "production line" means the assemblage of machinery and~~

1 equipment at a manufacturing or processing plant or facility where the
2 actual transformation or processing of tangible personal property occurs;

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

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

1 meat lockers and meat markets that butcher or dress livestock or poultry
2 in the regular course of their retail trade, contractors who alter, service,
3 repair or improve real property, and retail businesses that clean, service or
4 refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

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

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

37 (H) to package the property being manufactured or processed in a
38 container or wrapping in which such property is normally sold or
39 transported;

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

1 from offsite, from the point where the substance enters the site of the
2 plant or facility to that manufacturer's production operations;

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

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

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

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

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

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

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

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

1 plant;

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

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

10 (E) furniture and other furnishings;

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

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

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

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

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

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

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

34 ~~(H) all sales of educational materials purchased for distribution to the~~
35 ~~public at no charge by a nonprofit corporation organized for the purpose~~
36 ~~of encouraging, fostering and conducting programs for the improvement~~
37 ~~of public health;~~

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

42 ~~(nn) except as otherwise provided in this act, all sales of services~~
43 ~~rendered by an advertising agency or licensed broadcast station or any~~

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

1 (4) ~~the American Diabetes Association Kansas Affiliate, Inc. for the~~
2 ~~purpose of eliminating diabetes through medical research, public~~
3 ~~education focusing on disease prevention and education, patient~~
4 ~~education including information on coping with diabetes, and~~
5 ~~professional education and training;~~

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

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

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

19 (8) ~~the National Kidney Foundation of Kansas and Western Missouri~~
20 ~~for the purpose of eliminating kidney disease through medical research~~
21 ~~and public and private education related to such disease;~~

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

25 (10) ~~the Cystic Fibrosis Foundation, Heart of America Chapter, for~~
26 ~~the purposes of assuring the development of the means to cure and~~
27 ~~control cystic fibrosis and improving the quality of life for those with the~~
28 ~~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~~
41 ~~adult day services to individuals with developmental disabilities and~~
42 ~~assisting 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~~
8 ~~purpose of providing support to persons with Lyme disease and public~~
9 ~~education relating to the prevention, treatment and cure of Lyme disease;~~

10 ~~(17) the Dream Factory, Inc., for the purpose of granting the dreams~~
11 ~~of 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~~
25 ~~eliminating cancer as a major health problem by preventing cancer,~~
26 ~~saving lives and diminishing suffering from cancer, through research,~~
27 ~~education, advocacy 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~~
35 ~~Fairgrounds;~~

36 ~~(ww) all sales of tangible personal property purchased by the Habitat~~
37 ~~for Humanity for the exclusive use of being incorporated within a~~
38 ~~housing project constructed by such organization;~~

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

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

42 (yy) all sales of tangible personal property and services purchased
43 by a parent-teacher association or organization, and all sales of tangible

1 personal property by or on behalf of such association or organization;

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

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

1 not be used for the purpose for which such certificate was issued, such
2 organization concerned shall be liable for tax on all materials purchased
3 for the project, and upon payment thereof it may recover the same from
4 the contractor together with reasonable attorney fees. Any contractor or
5 any agent, employee or subcontractor thereof, who shall use or otherwise
6 dispose of any materials purchased under such a certificate for any
7 purpose other than that for which such a certificate is issued without the
8 payment of the sales or compensating tax otherwise imposed upon such
9 materials, shall be guilty of a misdemeanor and, upon conviction therefor,
10 shall be subject to the penalties provided for in subsection (g) of K.S.A.
11 79-3615, and amendments thereto. Sales tax paid on and after July 1,
12 1998, but prior to the effective date of this act upon the gross receipts
13 received from any sale exempted by the amendatory provisions of this
14 subsection shall be refunded. Each claim for a sales tax refund shall be
15 verified and submitted to the director of taxation upon forms furnished by
16 the director and shall be accompanied by any additional documentation
17 required by the director. The director shall review each claim and shall
18 refund that amount of sales tax paid as determined under the provisions
19 of this subsection. All refunds shall be paid from the sales tax refund fund
20 upon warrants of the director of accounts and reports pursuant to
21 vouchers approved by the director or the director's designee;

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

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

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

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

42 (eee) on and after January 1, 1999, and before January 1, 2001, all
43 sales of materials and services purchased for the original construction,

1 reconstruction, repair or replacement of grain storage facilities, including
2 railroad sidings providing access thereto;

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

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

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

28 (iii) ~~all sales of personal property and services purchased by an
29 organization which is exempt from federal income taxation pursuant to
30 section 501(e)(3) of the federal internal revenue code of 1986, and which
31 such personal property and services are used by any such organization in
32 the collection, storage and distribution of food products to nonprofit
33 organizations which distribute such food products to persons pursuant to
34 a food distribution program on a charitable basis without fee or charge,
35 and 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 used
38 for the collection and storage of such food products for any such
39 organization which is exempt from federal income taxation pursuant to
40 section 501(e)(3) of the federal internal revenue code of 1986, which
41 would be exempt from taxation under the provisions of this section if
42 purchased directly by such organization. Nothing in this subsection shall
43 be deemed to exempt the purchase of any construction machinery;~~

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

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

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

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

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

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

41 ~~(ppp)~~ all sales of tangible personal property and services purchased
42 by or on behalf of a homeless shelter which is exempt from federal
43 income taxation pursuant to section 501(c)(3) of the federal income tax

1 code of 1986, and used by any such homeless shelter to provide
2 emergency and transitional housing for individuals and families
3 experiencing homelessness, and all sales of any such property by or on
4 behalf of any such homeless shelter for any such purpose;

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

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

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

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

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

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

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

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

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

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

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

40 (xxx) all sales of personal property and services purchased by the
41 booth theatre foundation, inc., an organization which is exempt from
42 federal income taxation pursuant to section 501(c)(3) of the federal
43 internal revenue code of 1986, and which such personal property and

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

1 received from any sale which would have been exempted by the
2 provisions of this subsection had such sale occurred after the effective
3 date of this act shall be refunded. Each claim for a sales tax refund shall
4 be verified and submitted to the director of taxation upon forms furnished
5 by the director and shall be accompanied by any additional
6 documentation required by the director. The director shall review each
7 claim and shall refund that amount of sales tax paid as determined under
8 the provisions of this subsection. All refunds shall be paid from the sales
9 tax refund fund upon warrants of the director of accounts and reports
10 pursuant to vouchers approved by the director or the director's designee;

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

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

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

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

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

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

40 ~~(dddd)—all sales of tangible personal property or services purchased
41 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
42 both of which are exempt from federal income taxation pursuant to
43 section 501(e)(3) of the federal internal revenue code, for the purpose of~~

1 providing education, training and employment opportunities for people
2 with disabilities and other barriers to employment;

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

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

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

14 (v) *all sales of food and food ingredients. As used in this subsection,*
15 *a sale of food and food ingredients does not include a sale of alcoholic*
16 *beverages as defined in subsection (c) of K.S.A. 79-3602, and*
17 *amendments thereto; candy; dietary supplements as defined in subsection*
18 *(rr) of K.S.A. 79-3606, and amendments thereto; food sold through*
19 *vending machines; or sales of prepared food, soft drinks or tobacco as*
20 *defined in subsection (qq) of K.S.A. 2010 Supp. 79-3602, and*
21 *amendments thereto. As used in this subsection:*

22 (1) *"Candy" means a preparation of sugar, honey or other natural*
23 *or artificial sweeteners in combination with chocolate, fruits, nuts or*
24 *other ingredients or flavorings in the form of bars, drops or pieces.*
25 *Candy shall not include any preparation containing flour and shall*
26 *require no refrigeration;*

27 (2) *"food sold through vending machines" means food dispensed*
28 *from a machine or other mechanical device that accepts payment;*

29 (3) (A) *"prepared food" means any of the following:*

30 (i) *Food sold in a heated state or heated by the seller;*

31 (ii) *two or more food ingredients mixed or combined by the seller*
32 *for sale as a single item; or*

33 (iii) *food sold with eating utensils provided by the seller, including*
34 *plates, knives, forks, spoons, glasses, cups, napkins or straws. A plate*
35 *does not include a container or packaging used to transport the food.*

36 (B) *"Prepared food" does not include:*

37 (i) *Food that is only cut, repackaged or pasteurized by the seller;*

38 (ii) *eggs, fish, meat, poultry and foods containing these raw animal*
39 *foods requiring cooking by the consumer as recommended by the United*
40 *States food and drug administration, in chapter 3, part 401.11 of its food*
41 *code, so as to prevent foodborne illnesses;*

42 (iii) *if sold without eating utensils provided by the seller, bakery*
43 *items, including breads, rolls, buns, biscuits, bagels, croissants, pastries,*

1 donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies and
2 tortillas; or

3 (iv) food sold by a seller whose primary North American industry
4 classification system, United States, 2002 edition, classification is
5 manufacturing in sector 311, except subsector 3118; and

6 (4) "soft drinks" means nonalcoholic beverages that contain natural
7 or artificial sweeteners. "Soft drinks" does not include beverages that
8 contain milk or milk products; soy, rice or similar milk substitutes; or
9 greater than 50% of vegetable or fruit juice by volume.

10 Sec. 6. On January 1, 2012, K.S.A. 2010 Supp. 79-3620 is hereby
11 amended to read as follows: 79-3620. (a) All revenue collected or
12 received by the director of taxation from the taxes imposed by this act
13 shall be remitted to the state treasurer in accordance with the provisions
14 of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
15 remittance, the state treasurer shall deposit the entire amount in the state
16 treasury, less amounts withheld as provided in subsection (b) and
17 amounts credited as provided in subsection (c), (d) and (e), to the credit
18 of the state general fund.

19 (b) A refund fund, designated as "sales tax refund fund" not to
20 exceed \$100,000 shall be set apart and maintained by the director from
21 sales tax collections and estimated tax collections and held by the state
22 treasurer for prompt payment of all sales tax refunds including refunds
23 authorized under the provisions of K.S.A. 79-3635, and amendments
24 thereto. Such fund shall be in such amount, within the limit set by this
25 section, as the director shall determine is necessary to meet current
26 refunding requirements under this act. In the event such fund as
27 established by this section is, at any time, insufficient to provide for the
28 payment of refunds due claimants thereof, the director shall certify the
29 amount of additional funds required to the director of accounts and
30 reports who shall promptly transfer the required amount from the state
31 general fund to the sales tax refund fund, and notify the state treasurer,
32 who shall make proper entry in the records.

33 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or
34 received from the tax imposed by K.S.A. 79-3603, and amendments
35 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
36 exclusive of amounts credited pursuant to subsection (d), in the state
37 highway fund.

38 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
39 received from the tax imposed by K.S.A. 79-3603, and amendments
40 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
41 exclusive of amounts credited pursuant to subsection (d), in the state
42 highway fund.

43 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the

1 revenue collected and received from the tax imposed by K.S.A. 79-3603,
2 and amendments thereto, at the rate of 5.3%, and deposited as provided
3 by subsection (a), exclusive of amounts credited pursuant to subsection
4 (d), in the state highway fund.

5 (4) On July 1, 2007, the state treasurer shall credit ¹³/₁₀₆ of the
6 revenue collected and received from the tax imposed by K.S.A. 79-3603,
7 and amendments thereto, at the rate of 5.3%, and deposited as provided
8 by subsection (a), exclusive of amounts credited pursuant to subsection
9 (d), in the state highway fund.

10 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
11 revenue collected and received from the tax imposed by K.S.A. 79-3603,
12 and amendments thereto, at the rate of 6.3%, and deposited as provided
13 by subsection (a), exclusive of amounts credited pursuant to subsection
14 (d), in the state highway fund.

15 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
16 revenue collected and received from the tax imposed by K.S.A. 79-3603,
17 and amendments thereto, at the rate of 6.3%, and deposited as provided
18 by subsection (a), exclusive of amounts credited pursuant to subsection
19 (d), in the state highway fund.

20 (7) On ~~July~~ *January* 1, 2012, the state treasurer shall credit
21 ~~11.233%~~ *9.023%* of the revenue collected and received from the tax
22 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of
23 ~~6.3%~~ *5.3%*, and deposited as provided by subsection (a), exclusive of
24 amounts credited pursuant to subsection (d), in the state highway fund, ~~as~~
25 ~~well as such revenue collected and received at the rate of 6.3%, after June~~
26 ~~30, 2013.~~

27 (8) On July 1, ~~2013~~ *2012*, and thereafter, the state treasurer shall
28 credit ~~18.421%~~ *8.466%* of the revenue collected and received from the tax
29 imposed by K.S.A. 79-3603, and amendments thereto, at the rate of
30 ~~5.7%~~ *5.3%*, and deposited as provided by subsection (a), exclusive of
31 amounts credited pursuant to subsection (d), in the state highway fund.

32 (d) The state treasurer shall credit all revenue collected or received
33 from the tax imposed by K.S.A. 79-3603, and amendments thereto, as
34 certified by the director, from taxpayers doing business within that
35 portion of a STAR bond project district occupied by a STAR bond project
36 or taxpayers doing business with such entity financed by a STAR bond
37 project as defined in K.S.A. 2010 Supp. 12-17,162, and amendments
38 thereto, that was determined by the secretary of commerce to be of
39 statewide as well as local importance or will create a major tourism area
40 for the state or the project was designated as a STAR bond project as
41 defined in K.S.A. 2010 Supp. 12-17,162, and amendments thereto, to the
42 city bond finance fund, which fund is hereby created. The provisions of
43 this subsection shall expire when the total of all amounts credited

1 hereunder and under subsection (d) of K.S.A. 79-3710, and amendments
2 thereto, is sufficient to retire the special obligation bonds issued for the
3 purpose of financing all or a portion of the costs of such STAR bond
4 project.

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

37 Sec. 7. On January 1, 2012, K.S.A. 2010 Supp. 79-3703 is hereby
38 amended to read as follows: 79-3703. There is hereby levied and there
39 shall be collected from every person in this state a tax or excise for the
40 privilege of using, storing, or consuming within this state any article of
41 tangible personal property *or using, consuming or otherwise realizing the*
42 *benefits in this state from any services provided.* Such tax shall be levied
43 and collected in an amount equal to the consideration paid by the

1 taxpayer multiplied by ~~the rate of 5.3%, and~~, commencing July 1, 2010,
2 at the rate of 6.3%, and commencing ~~July 1, 2013~~ *January 1, 2012*, at the
3 rate of ~~5.7%~~ *5.3%*. Within a redevelopment district established pursuant to
4 K.S.A. 74-8921, and amendments thereto, there is hereby levied and there
5 shall be collected and paid an additional tax of 2% until the earlier of: (1)
6 The date the bonds issued to finance or refinance the redevelopment
7 project undertaken in the district have been paid in full; or (2) the final
8 scheduled maturity of the first series of bonds issued to finance the
9 redevelopment project. All property *or services* purchased or leased
10 within or without this state and subsequently used, stored or consumed in
11 this state *or such services used by, consumed by or benefiting the*
12 *purchaser in this state* shall be subject to the compensating tax if the
13 same property, *services* or transaction would have been subject to the
14 Kansas retailers' sales tax had the transaction been wholly within this
15 state.

16 Sec. 8. On January 1, 2012, K.S.A. 2010 Supp. 79-3710 is hereby
17 amended to read as follows: 79-3710. (a) All revenue collected or
18 received by the director under the provisions of this act shall be remitted
19 to the state treasurer in accordance with the provisions of K.S.A. 75-
20 4215, and amendments thereto. Upon receipt of each such remittance, the
21 state treasurer shall deposit the entire amount in the state treasury, less
22 amounts set apart as provided in subsection (b) and amounts credited as
23 provided in subsection (c), (d) and (e), to the credit of the state general
24 fund.

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

32 (c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or
33 received from the tax imposed by K.S.A. 79-3703, and amendments
34 thereto, at the rate of 4.9%, and deposited as provided in subsection (a),
35 exclusive of amounts credited pursuant to subsection (d), in the state
36 highway fund.

37 (2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or
38 received from the tax imposed by K.S.A. 79-3703, and amendments
39 thereto, at the rate of 5.3%, and deposited as provided in subsection (a),
40 exclusive of amounts credited pursuant to subsection (d), in the state
41 highway fund.

42 (3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the
43 revenue collected or received from the tax imposed by K.S.A. 79-3703,

1 and amendments thereto, at the rate of 5.3%, and deposited as provided
2 by subsection (a), exclusive of amounts credited pursuant to subsection
3 (d), in the state highway fund.

4 (4) On July 1, 2007, the state treasurer shall credit ¹³/₁₀₆ of the
5 revenue collected or received from the tax imposed by K.S.A. 79-3703,
6 and amendments thereto, at the rate of 5.3%, and deposited as provided
7 by subsection (a), exclusive of amounts credited pursuant to subsection
8 (d), in the state highway fund.

9 (5) On July 1, 2010, the state treasurer shall credit 11.427% of the
10 revenue collected and received from the tax imposed by K.S.A. 79-3703,
11 and amendments thereto, at the rate of 6.3%, and deposited as provided
12 by subsection (a), exclusive of amounts credited pursuant to subsection
13 (d), in the state highway fund.

14 (6) On July 1, 2011, the state treasurer shall credit 11.26% of the
15 revenue collected and received from the tax imposed by K.S.A. 79-3703,
16 and amendments thereto, at the rate of 6.3%, and deposited as provided
17 by subsection (a), exclusive of amounts credited pursuant to subsection
18 (d), in the state highway fund.

19 (7) On ~~July~~*January* 1, 2012, the state treasurer shall credit
20 ~~11.233%~~*9.023%* of the revenue collected and received from the tax
21 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of
22 ~~6.3%~~*5.3%*, and deposited as provided by subsection (a), exclusive of
23 amounts credited pursuant to subsection (d), in the state highway fund; as
24 ~~well as such revenue collected and received at the rate of 6.3%, after June~~
25 ~~30, 2013.~~

26 (8) On July 1, ~~2013~~*2012*, and thereafter, the state treasurer shall
27 credit ~~18.421%~~*8.466%* of the revenue collected and received from the tax
28 imposed by K.S.A. 79-3703, and amendments thereto, at the rate of
29 ~~5.7%~~*5.3%*, and deposited as provided by subsection (a), exclusive of
30 amounts credited pursuant to subsection (d), in the state highway fund.

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

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

4 (e) All revenue certified by the director of taxation as having been
5 collected or received from the tax imposed by subsection (c) of K.S.A.
6 79-3603, and amendments thereto, on the sale or furnishing of gas, water,
7 electricity and heat for use or consumption within the intermodal facility
8 district described in this subsection, shall be credited by the state treasurer
9 to the state highway fund. Such revenue may be transferred by the
10 secretary of transportation to the rail service improvement fund pursuant
11 to law. The provisions of this subsection shall take effect upon
12 certification by the secretary of transportation that a notice to proceed has
13 been received for the construction of the improvements within the
14 intermodal facility district, but not later than December 31, 2010, and
15 shall expire when the secretary of revenue determines that the total of all
16 amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-
17 3620, and amendments thereto, is equal to \$53,300,000, but not later than
18 December 31, 2045. Thereafter, all revenues shall be collected and
19 distributed in accordance with applicable law. For all tax reporting
20 periods during which the provisions of this subsection are in effect, none
21 of the exemptions contained in K.S.A. 79-3601 et seq., and amendments
22 thereto, shall apply to the sale or furnishing of any gas, water, electricity
23 and heat for use or consumption within the intermodal facility district. As
24 used in this subsection, "intermodal facility district" shall consist of an
25 intermodal transportation area as defined by subsection (oo) of K.S.A.
26 12-1770a, and amendments thereto, located in Johnson county within the
27 polygonal-shaped area having Waverly Road as the eastern boundary,
28 191st Street as the southern boundary, Four Corners Road as the western
29 boundary, and Highway 56 as the northern boundary, and the polygonal-
30 shaped area having Poplar Road as the eastern boundary, 183rd Street as
31 the southern boundary, Waverly Road as the western boundary, and the
32 BNSF mainline track as the northern boundary, that includes capital
33 investment in an amount exceeding \$150 million for the construction of
34 an intermodal facility to handle the transfer, storage and distribution of
35 freight through railway and trucking operations.

36 Sec. 9. K.S.A. 2010 Supp. 79-32,110 is hereby repealed.

37 Sec. 10. On January 1, 2012, K.S.A. 79-3632, 79-3634, 79-3636, 79-
38 3637 and 79-3638, K.S.A. 2010 Supp. 12-198, 79-3602, 79-3603, 79-
39 3606, 79-3620, 79-3633, 79-3635, 79-3639, 79-3703, and 79-3710 are
40 hereby repealed.

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

