

_____ BILL NO. _____

By Committee on _____

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

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

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

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

4 (c) Commencing on July 1, 2023, and on the 1st day of each successive month, the state
5 treasurer shall transfer from the state general fund to the STAR bonds food sales tax
6 revenue replacement fund the aggregate of all amounts certified pursuant to subsection (b).
7 The state treasurer shall pay from the STAR bonds food sales tax revenue replacement fund
8 to the city bond finance fund the amount determined to account for the revenue that would
9 have been generated certified pursuant to subsection (b) for the particular jurisdiction.

10 (d) There is hereby created the STAR bonds food sales tax revenue replacement fund,
11 which shall be administered by the state treasurer. All expenditures from the STAR bonds
12 food sales tax revenue replacement fund shall be made in accordance with appropriations
13 acts upon warrants of the director of accounts and reports issued pursuant to vouchers
14 approved by the state treasurer or a person or persons designated by the state treasurer.

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

17 Sec. 2. K.S.A. 2022 Supp. 12-17,162 is hereby amended to read as follows: 12-
18 17,162. As used in the STAR bonds financing act, unless a different meaning clearly
19 appears from the context:

20 (a) "Auto race track facility" means: (1) An auto race track facility and facilities
21 directly related and necessary to the operation of an auto race track facility, including, but
22 not limited to, grandstands, suites and viewing areas, concessions, souvenir facilities,
23 catering facilities, visitor and retail centers, signage and temporary hospitality facilities,

1 but excluding (2) hotels, motels, restaurants and retail facilities, not directly related to or
2 necessary to the operation of such facility.

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

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

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

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

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

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

1 (h) "Historic theater" means a building constructed prior to 1940 that was constructed
2 for the purpose of staging entertainment, including motion pictures, vaudeville shows or
3 operas, that is operated by a nonprofit corporation and is designated by the state historic
4 preservation officer as eligible to be on the Kansas register of historic places or is a
5 member of the Kansas historic theatre association.

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

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

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

21 (l) "Major motorsports complex" means a complex in Shawnee county that is utilized
22 for the hosting of competitions involving motor vehicles, including, but not limited to,
23 automobiles, motorcycles or other self-propelled vehicles other than a motorized bicycle

1 or motorized wheelchair. Such project may include racetracks, all facilities directly
2 related and necessary to the operation of a motorsports complex, including, but not
3 limited to, parking lots, grandstands, suites and viewing areas, concessions, souvenir
4 facilities, catering facilities, visitor and retail centers, signage and temporary hospitality
5 facilities, but excluding hotels, motels, restaurants and retail facilities not directly related
6 to or necessary to the operation of such facility.

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

10 (n) "Major multi-sport athletic complex" means an athletic complex that is utilized
11 for the training of athletes, the practice of athletic teams, the playing of athletic games or
12 the hosting of events. Such project may include playing fields, parking lots and other
13 developments including grandstands, suites and viewing areas, concessions, souvenir
14 facilities, catering facilities, visitor centers, signage and temporary hospitality facilities,
15 but excluding hotels, motels, restaurants and retail facilities, not directly related to or
16 necessary to the operation of such facility.

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

- 20 (1) Remain profitable past the term of repayment; and
- 21 (2) maintain status as a significant factor for travel decisions.

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

1 (q) "Museum facility" means a separate newly-constructed museum building and
2 facilities directly related and necessary to the operation thereof, including gift shops and
3 restaurant facilities, but excluding hotels, motels, restaurants and retail facilities not
4 directly related to or necessary to the operation of such facility. The museum facility shall
5 be owned by the state, a city, county, other political subdivision of the state or a non-
6 profit corporation, shall be managed by the state, a city, county, other political
7 subdivision of the state or a non-profit corporation and may not be leased to any
8 developer and shall not be located within any retail or commercial building.

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

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

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

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

15 (3) site preparation including utility relocations;

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

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

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

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

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

22 (9) sidewalks and pedestrian underpasses or overpasses;

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

1 (11) water mains and extensions;

2 (12) plazas and arcades;

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

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

6 (15) auto race track facility;

7 (16) major multi-sport athletic complex;

8 (17) museum facility;

9 (18) major motorsports complex;

10 (19) rural redevelopment project, including costs incurred in connection with the
11 construction or renovation of buildings or other structures;

12 (20) related expenses to redevelop and finance the project, except that for a STAR
13 bond project financed with special obligation bonds payable from the revenues described
14 in K.S.A. 12-17,169(a)(1), and amendments thereto, such expenses shall require prior
15 approval by the secretary of commerce; and

16 (21) except as specified in paragraphs (1) through (20) above, "project costs" does not
17 include:

18 (A) Costs incurred in connection with the construction of buildings or other
19 structures;

20 (B) fees and commissions paid to developers, real estate agents, financial advisors or
21 any other consultants who represent the developers or any other businesses considering
22 locating in or located in a STAR bond project district;

23 (C) salaries for local government employees;

1 (D) moving expenses for employees of the businesses locating within the STAR bond
2 project district;

3 (E) property taxes for businesses that locate in the STAR bond project district;

4 (F) lobbying costs;

5 (G) any bond origination fee charged by the city or county;

6 (H) any personal property as defined in K.S.A. 79-102, and amendments thereto; and

7 (I) travel, entertainment and hospitality.

8 (t) "Projected market area" means any area within the state in which the project is
9 projected to have a substantial fiscal or market impact upon businesses in such area.

10 (u) "River walk canal facilities" means a canal and related water features which flow
11 through a major commercial entertainment and tourism area and facilities related or
12 contiguous thereto, including, but not limited to, pedestrian walkways and promenades,
13 landscaping and parking facilities.

14 (v) "Rural redevelopment project" means a project that is in an area outside of a
15 metropolitan area with a population of more than 50,000, that is of regional importance,
16 with capital investment of at least \$3,000,000 and that will enhance the quality of life in
17 the community and region.

18 (w) "Sales tax and revenue" are those revenues available to finance the issuance of
19 special obligation bonds as identified in K.S.A. 12-17,168, and amendments thereto.

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

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

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

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

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

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

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

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

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

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

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

15 (aa) "STAR bond project district" means the specific area declared to be an eligible
16 area as determined by the secretary in which the city or county may develop one or more
17 STAR bond projects. A "STAR bond project district" includes a redevelopment district,
18 as defined in K.S.A. 12-1770a, and amendments thereto, created prior to the effective
19 date of this act for the Wichita Waterwalk project in Wichita, Kansas, provided, the city
20 creating such redevelopment district submits an application for approval for STAR bond
21 financing to the secretary on or before July 31, 2007, and receives a final letter of
22 determination from the secretary approving or disapproving the request for STAR bond
23 financing on or before November 1, 2007. No STAR bond project district shall include

1 real property which has been part of another STAR bond project district unless such
2 STAR bond project and STAR bond project district have been approved by the secretary
3 of commerce pursuant to K.S.A. 12-17,164 and 12-17,165, and amendments thereto,
4 prior to March 1, 2016. A STAR bond project district in a metropolitan area with a
5 population of more than 50,000, shall be a contiguous parcel of real estate and shall be
6 limited to those areas being developed by the STAR bond project and any area of real
7 property reasonably anticipated to directly benefit from the redevelopment project.

8 (bb) "STAR bond project district plan" means the preliminary plan that identifies all
9 of the proposed STAR bond project areas and identifies in a general manner all of the
10 buildings, facilities and improvements in each that are proposed to be constructed or
11 improved in each STAR bond project area.

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

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

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

18 (ff) (1) "Tax increment" means that portion of the revenue derived from state and
19 local sales, use and transient guest tax imposed pursuant to K.S.A. 12-187 et seq., 12-
20 1692 et seq., 79-3601 et seq. and 79-3701 et seq., and amendments thereto, collected
21 from taxpayers doing business within that portion of a STAR bond project district
22 occupied by a project that is in excess of the amount of base year revenue. For purposes
23 of this subsection, the base year shall be the 12-month period immediately prior to the

1 month in which the STAR bond project district is established. The department of revenue
2 shall determine base year revenue by reference to the revenue collected during the base
3 year from taxpayers doing business within the specific area in which a STAR bond
4 project district is subsequently established. The base year of a STAR bond project
5 district, following the addition of area to the STAR bond project district, shall be the base
6 year for the original area, and with respect to the additional area, the base year shall be
7 any 12-month period immediately prior to the month in which additional area is added to
8 the STAR bond project district. For purposes of this subsection, revenue collected from
9 taxpayers doing business within a STAR bond project district, or within a specific area in
10 which a STAR bond project district is subsequently established shall not include local
11 sales and use tax revenue that is sourced to jurisdictions other than those in which the
12 project is located. The secretary of revenue and the secretary of commerce shall certify
13 the appropriate amount of base year revenue for taxpayers relocating from within the
14 state into a STAR bond district.

15 *(2) For STAR bond project districts with a base year established prior to July 1,*
16 *2022, there shall be added to the tax increment an amount equal to the amount of state*
17 *sales and use tax revenue that would have been derived from the sale of food and food*
18 *ingredients within the district. For STAR bond project districts established on or after*
19 *July 1, 2022, the base year revenue shall not include revenue resulting from state sales*
20 *and use tax on the sale of food and food ingredients within the district.*

21 (gg) "Taxpayer" means a person, corporation, limited liability company, S
22 corporation, partnership, registered limited liability partnership, foundation, association,

1 nonprofit entity, sole proprietorship, business trust, group or other entity that is subject to
2 the Kansas income tax act, K.S.A. 79-3201 et seq., and amendments thereto.

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

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

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

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

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

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

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

12 (g) "Disability" means: (1) Inability to engage in any substantial gainful activity by
13 reason of any medically determinable physical or mental impairment which can be
14 expected to result in death or has lasted or can be expected to last for a continuous period
15 of not less than 12 months, and an individual shall be determined to be under a disability
16 only if the physical or mental impairment or impairments are of such severity that the
17 individual is not only unable to do the individual's previous work but cannot, considering
18 age, education and work experience, engage in any other kind of substantial gainful work
19 which exists in the national economy, regardless of whether such work exists in the
20 immediate area in which the individual lives or whether a specific job vacancy exists for
21 the individual, or whether the individual would be hired if application was made for
22 work. For purposes of this paragraph, with respect to any individual, "work which exists
23 in the national economy" means work which exists in significant numbers either in the

1 region where the individual lives or in several regions of the country; and “physical or
2 mental impairment” means an impairment that results from anatomical, physiological or
3 psychological abnormalities which are demonstrable by medically acceptable clinical and
4 laboratory diagnostic techniques; or

5 (2) blindness and inability by reason of blindness to engage in substantial gainful
6 activity requiring skills or abilities comparable to those of any gainful activity in which
7 the individual has previously engaged with some regularity and over a substantial period
8 of time. For purposes of this paragraph, “blindness” means central visual acuity
9 of 20/200 or less in the better eye with the use of a correcting lens. An eye which is
10 accompanied by a limitation in the fields of vision such that the widest diameter of the
11 visual field subtends an angle no greater than 20 degrees shall be considered for the
12 purpose of this paragraph as having a central visual acuity of 20/200 or less.

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

15 Sec. 4. K.S.A. 2022 Supp. 79-3603 is hereby amended to read as follows: 79-3603.
16 For the privilege of engaging in the business of selling tangible personal property at retail
17 in this state or rendering or furnishing any of the services taxable under this act, there is
18 hereby levied and there shall be collected and paid a tax at the rate of 6.5%. On and after
19 January 1, 2023, 17% and on and after ~~January 1, 2025~~ *April 1, 2023*, 18% of the tax rate
20 imposed pursuant to this section and the rate provided in K.S.A. 79-3603d, and
21 amendments thereto, shall be levied for the state highway fund, the state highway fund
22 purposes and those purposes specified in K.S.A. 68-416, and amendments thereto, and all

1 revenue collected and received from such tax levy shall be deposited in the state highway
2 fund.

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

8 Such tax shall be imposed upon:

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

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

21 (c) the gross receipts from the sale or furnishing of gas, water, electricity and heat,
22 which sale is not otherwise exempt from taxation under the provisions of this act, and
23 whether furnished by municipally or privately owned utilities, except that, on and after

1 January 1, 2006, for sales of gas, electricity and heat delivered through mains, lines or
2 pipes to residential premises for noncommercial use by the occupant of such premises,
3 and for agricultural use and also, for such use, all sales of propane gas, the state rate shall
4 be 0%; and for all sales of propane gas, LP gas, coal, wood and other fuel sources for the
5 production of heat or lighting for noncommercial use of an occupant of residential
6 premises, the state rate shall be 0%, but such tax shall not be levied and collected upon
7 the gross receipts from: (1) The sale of a rural water district benefit unit; (2) a water
8 system impact fee, system enhancement fee or similar fee collected by a water supplier as
9 a condition for establishing service; or (3) connection or reconnection fees collected by a
10 water supplier;

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

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

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

21 (g) the gross receipts from the service of renting of rooms by hotels, as defined by
22 K.S.A. 36-501, and amendments thereto, or by accommodation brokers, as defined by
23 K.S.A. 12-1692, and amendments thereto, but such tax shall not be levied and collected

1 upon the gross receipts received from sales of such service to the federal government and
2 any agency, officer or employee thereof in association with the performance of official
3 government duties;

4 (h) the gross receipts from the service of renting or leasing of tangible personal
5 property except such tax shall not apply to the renting or leasing of machinery, equipment
6 or other personal property owned by a city and purchased from the proceeds of industrial
7 revenue bonds issued prior to July 1, 1973, in accordance with the provisions of K.S.A.
8 12-1740 through 12-1749, and amendments thereto, and any city or lessee renting or
9 leasing such machinery, equipment or other personal property purchased with the
10 proceeds of such bonds who shall have paid a tax under the provisions of this section
11 upon sales made prior to July 1, 1973, shall be entitled to a refund from the sales tax
12 refund fund of all taxes paid thereon;

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

16 (j) the gross receipts from the rendering of the services of washing and washing and
17 waxing of vehicles;

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

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

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

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

19 (n) the gross receipts received from dues charged by public and private clubs,
20 drinking establishments, organizations and businesses, payment of which entitles a
21 member to the use of facilities for recreation or entertainment, but such tax shall not be
22 levied and collected upon the gross receipts received from: (1) Dues charged by any
23 organization exempt from property taxation pursuant to K.S.A. 79-201 Eighth and Ninth,

1 and amendments thereto; and (2) sales of memberships in a nonprofit organization which
2 is exempt from federal income taxation pursuant to section 501(c)(3) of the federal
3 internal revenue code of 1986, and whose purpose is to support the operation of a
4 nonprofit zoo;

5 (o) the gross receipts received from the isolated or occasional sale of motor vehicles
6 or trailers but not including: (1) The transfer of motor vehicles or trailers by a person to a
7 corporation or limited liability company solely in exchange for stock securities or
8 membership interest in such corporation or limited liability company; (2) the transfer of
9 motor vehicles or trailers by one corporation or limited liability company to another when
10 all of the assets of such corporation or limited liability company are transferred to such
11 other corporation or limited liability company; or (3) the sale of motor vehicles or trailers
12 which are subject to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
13 amendments thereto, by an immediate family member to another immediate family
14 member. For the purposes of paragraph (3), immediate family member means lineal
15 ascendants or descendants, and their spouses. Any amount of sales tax paid pursuant to
16 the Kansas retailers sales tax act on the isolated or occasional sale of motor vehicles or
17 trailers on and after July 1, 2004, which the base for computing the tax was the value
18 pursuant to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when such
19 amount was higher than the amount of sales tax which would have been paid under the
20 law as it existed on June 30, 2004, shall be refunded to the taxpayer pursuant to the
21 procedure prescribed by this section. Such refund shall be in an amount equal to the
22 difference between the amount of sales tax paid by the taxpayer and the amount of sales
23 tax which would have been paid by the taxpayer under the law as it existed on June 30,

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

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

20 For the purposes of this subsection:

21 (1) "Original construction" means the first or initial construction of a new building or
22 facility. The term "original construction" shall include the addition of an entire room or
23 floor to any existing building or facility, the completion of any unfinished portion of any

1 existing building or facility and the restoration, reconstruction or replacement of a
2 building, facility or utility structure damaged or destroyed by fire, flood, tornado,
3 lightning, explosion, windstorm, ice loading and attendant winds, terrorism or
4 earthquake, but such term, except with regard to a residence, shall not include
5 replacement, remodeling, restoration, renovation or reconstruction under any other
6 circumstances;

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

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

15 (4) "residence" means only those enclosures within which individuals customarily
16 live;

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

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

22 (q) the gross receipts received for the service of repairing, servicing, altering or
23 maintaining tangible personal property which when such services are rendered is not

1 being held for sale in the regular course of business, and whether or not any tangible
2 personal property is transferred in connection therewith. The tax imposed by this
3 subsection shall be applicable to the services of repairing, servicing, altering or
4 maintaining an item of tangible personal property which has been and is fastened to,
5 connected with or built into real property;

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

9 (s) on and after January 1, 2005, the gross receipts received from the sale of
10 prewritten computer software and the sale of the services of modifying, altering, updating
11 or maintaining prewritten computer software, whether the prewritten computer software
12 is installed or delivered electronically by tangible storage media physically transferred to
13 the purchaser or by load and leave;

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

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

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

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

22 and

1 (x) commencing on January 1, 2023, and thereafter, the state rate on the gross receipts
2 from the sale of food and food ingredients shall be as set forth in K.S.A. 2022 Supp.
3 3603d, and amendments thereto.

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

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

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

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

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

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

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

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

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

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

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

1 Sec. 6. K.S.A. 2022 Supp. 79-3606 is hereby amended to read as follows: 79-3606.

2 The following shall be exempt from the tax imposed by this act:

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

14 (b) all sales of tangible personal property or service, including the renting and leasing
15 of tangible personal property, purchased directly by the state of Kansas, a political
16 subdivision thereof, other than a school or educational institution, or purchased by a
17 public or private nonprofit hospital, public hospital authority, nonprofit blood, tissue or
18 organ bank or nonprofit integrated community care organization and used exclusively for
19 state, political subdivision, hospital, public hospital authority, nonprofit blood, tissue or
20 organ bank or nonprofit integrated community care organization purposes, except when:

21 (1) Such state, hospital or public hospital authority is engaged or proposes to engage in
22 any business specifically taxable under the provisions of this act and such items of
23 tangible personal property or service are used or proposed to be used in such business; or

1 (2) such political subdivision is engaged or proposes to engage in the business of
2 furnishing gas, electricity or heat to others and such items of personal property or service
3 are used or proposed to be used in such business;

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

16 (d) all sales of tangible personal property or services purchased by a contractor for
17 the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging,
18 furnishing or remodeling facilities for any public or private nonprofit hospital or public
19 hospital authority, public or private elementary or secondary school, a public or private
20 nonprofit educational institution, state correctional institution including a privately
21 constructed correctional institution contracted for state use and ownership, that would be
22 exempt from taxation under the provisions of this act if purchased directly by such
23 hospital or public hospital authority, school, educational institution or a state correctional

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

1 contractor shall furnish the number of such certificate to all suppliers from whom such
2 purchases are made, and such suppliers shall execute invoices covering the same bearing
3 the number of such certificate. Upon completion of the project the contractor shall furnish
4 to the political subdivision, district described in subsection (s), hospital or public hospital
5 authority, school, educational institution or department of corrections concerned a sworn
6 statement, on a form to be provided by the director of taxation, that all purchases so made
7 were entitled to exemption under this subsection. As an alternative to the foregoing
8 procedure, any such contracting entity may apply to the secretary of revenue for agent
9 status for the sole purpose of issuing and furnishing project exemption certificates to
10 contractors pursuant to rules and regulations adopted by the secretary establishing
11 conditions and standards for the granting and maintaining of such status. All invoices
12 shall be held by the contractor for a period of five years and shall be subject to audit by
13 the director of taxation. If any materials purchased under such a certificate are found not
14 to have been incorporated in the building or other project or not to have been returned for
15 credit or the sales or compensating tax otherwise imposed upon such materials that will
16 not be so incorporated in the building or other project reported and paid by such
17 contractor to the director of taxation not later than the 20th day of the month following
18 the close of the month in which it shall be determined that such materials will not be used
19 for the purpose for which such certificate was issued, the political subdivision, district
20 described in subsection (s), hospital or public hospital authority, school, educational
21 institution or the contractor contracting with the department of corrections for a
22 correctional institution concerned shall be liable for tax on all materials purchased for the
23 project, and upon payment thereof it may recover the same from the contractor together

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

7 (e) all sales of tangible personal property or services purchased by a contractor for
8 the erection, repair or enlargement of buildings or other projects for the government of
9 the United States, its agencies or instrumentalities, that would be exempt from taxation if
10 purchased directly by the government of the United States, its agencies or
11 instrumentalities. When the government of the United States, its agencies or
12 instrumentalities shall contract for the erection, repair, or enlargement of any building or
13 other project, it shall obtain from the state and furnish to the contractor an exemption
14 certificate for the project involved, and the contractor may purchase materials for
15 incorporation in such project. The contractor shall furnish the number of such certificates
16 to all suppliers from whom such purchases are made, and such suppliers shall execute
17 invoices covering the same bearing the number of such certificate. Upon completion of
18 the project the contractor shall furnish to the government of the United States, its
19 agencies or instrumentalities concerned a sworn statement, on a form to be provided by
20 the director of taxation, that all purchases so made were entitled to exemption under this
21 subsection. As an alternative to the foregoing procedure, any such contracting entity may
22 apply to the secretary of revenue for agent status for the sole purpose of issuing and
23 furnishing project exemption certificates to contractors pursuant to rules and regulations

1 adopted by the secretary establishing conditions and standards for the granting and
2 maintaining of such status. All invoices shall be held by the contractor for a period of five
3 years and shall be subject to audit by the director of taxation. Any contractor or any
4 agent, employee or subcontractor thereof, who shall use or otherwise dispose of any
5 materials purchased under such a certificate for any purpose other than that for which
6 such a certificate is issued without the payment of the sales or compensating tax
7 otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon
8 conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h),
9 and amendments thereto;

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

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

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

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

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

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

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

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

20 (n) all sales of tangible personal property that is consumed in the production,
21 manufacture, processing, mining, drilling, refining or compounding of tangible personal
22 property, the treating of by-products or wastes derived from any such production process,
23 the providing of services or the irrigation of crops for ultimate sale at retail within or

1 without the state of Kansas; and any purchaser of such property may obtain from the
2 director of taxation and furnish to the supplier an exemption certificate number for
3 tangible personal property for consumption in such production, manufacture, processing,
4 mining, drilling, refining, compounding, treating, irrigation and in providing such
5 services;

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

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

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

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

21 (s) except as provided in K.S.A. 82a-2101, and amendments thereto, all sales of
22 tangible personal property or services purchased directly or indirectly by a groundwater
23 management district organized or operating under the authority of K.S.A. 82a-1020 et

1 seq., and amendments thereto, by a rural water district organized or operating under the
2 authority of K.S.A. 82a-612, and amendments thereto, or by a water supply district
3 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-3522 et
4 seq. or 19-3545, and amendments thereto, which property or services are used in the
5 construction activities, operation or maintenance of the district;

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

1 or aquaculture machinery and equipment purchased will be used only in farming,
2 ranching or aquaculture production. Farming or ranching shall include the operation of a
3 feedlot and farm and ranch work for hire and the operation of a nursery;

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

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

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

1 of natural gas, electricity and heat delivered through mains, lines or pipes pursuant to the
2 provisions of subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
3 on December 31, 2005;

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

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

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

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

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

22 (cc) all sales of tangible personal property or services purchased prior to January 1,
23 2012, except as otherwise provided, for the purpose of and in conjunction with

1 constructing, reconstructing, enlarging or remodeling a business or retail business that
2 meets the requirements established in K.S.A. 74-50,115, and amendments thereto, and
3 the sale and installation of machinery and equipment purchased for installation at any
4 such business or retail business, and all sales of tangible personal property or services
5 purchased on or after January 1, 2012, for the purpose of and in conjunction with
6 constructing, reconstructing, enlarging or remodeling a business that meets the
7 requirements established in K.S.A. 74-50,115(e), and amendments thereto, and the sale
8 and installation of machinery and equipment purchased for installation at any such
9 business. When a person shall contract for the construction, reconstruction, enlargement
10 or remodeling of any such business or retail business, such person shall obtain from the
11 state and furnish to the contractor an exemption certificate for the project involved, and
12 the contractor may purchase materials, machinery and equipment for incorporation in
13 such project. The contractor shall furnish the number of such certificates to all suppliers
14 from whom such purchases are made, and such suppliers shall execute invoices covering
15 the same bearing the number of such certificate. Upon completion of the project the
16 contractor shall furnish to the owner of the business or retail business a sworn statement,
17 on a form to be provided by the director of taxation, that all purchases so made were
18 entitled to exemption under this subsection. All invoices shall be held by the contractor
19 for a period of five years and shall be subject to audit by the director of taxation. Any
20 contractor or any agent, employee or subcontractor thereof, who shall use or otherwise
21 dispose of any materials, machinery or equipment purchased under such a certificate for
22 any purpose other than that for which such a certificate is issued without the payment of
23 the sales or compensating tax otherwise imposed thereon, shall be guilty of a

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

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

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

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

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

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

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

17 (jj) all sales of tangible personal property or services, including the renting and
18 leasing of tangible personal property, purchased directly on behalf of a community-based
19 facility for people with intellectual disability or mental health center organized pursuant
20 to K.S.A. 19-4001 et seq., and amendments thereto, and licensed in accordance with the
21 provisions of K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
22 personal property or services purchased by contractors during the time period from July,
23 2003, through June, 2006, for the purpose of constructing, equipping, maintaining or

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

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

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

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

13 (2) For purposes of this subsection:

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

1 (B) “production line” means the assemblage of machinery and equipment at a
2 manufacturing or processing plant or facility where the actual transformation or
3 processing of tangible personal property occurs;

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

13 (D) “manufacturing or processing business” means a business that utilizes an
14 integrated production operation to manufacture, process, fabricate, finish or assemble
15 items for wholesale and retail distribution as part of what is commonly regarded by the
16 general public as an industrial manufacturing or processing operation or an agricultural
17 commodity processing operation. (i) Industrial manufacturing or processing operations
18 include, by way of illustration but not of limitation, the fabrication of automobiles,
19 airplanes, machinery or transportation equipment, the fabrication of metal, plastic, wood
20 or paper products, electricity power generation, water treatment, petroleum refining,
21 chemical production, wholesale bottling, newspaper printing, ready mixed concrete
22 production, and the remanufacturing of used parts for wholesale or retail sale. Such
23 processing operations shall include operations at an oil well, gas well, mine or other

1 excavation site where the oil, gas, minerals, coal, clay, stone, sand or gravel that has been
2 extracted from the earth is cleaned, separated, crushed, ground, milled, screened, washed
3 or otherwise treated or prepared before its transmission to a refinery or before any other
4 wholesale or retail distribution. (ii) Agricultural commodity processing operations
5 include, by way of illustration but not of limitation, meat packing, poultry slaughtering
6 and dressing, processing and packaging farm and dairy products in sealed containers for
7 wholesale and retail distribution, feed grinding, grain milling, frozen food processing,
8 and grain handling, cleaning, blending, fumigation, drying and aeration operations
9 engaged in by grain elevators or other grain storage facilities. (iii) Manufacturing or
10 processing businesses do not include, by way of illustration but not of limitation,
11 nonindustrial businesses whose operations are primarily retail and that produce or process
12 tangible personal property as an incidental part of conducting the retail business, such as
13 retailers who bake, cook or prepare food products in the regular course of their retail
14 trade, grocery stores, meat lockers and meat markets that butcher or dress livestock or
15 poultry in the regular course of their retail trade, contractors who alter, service, repair or
16 improve real property, and retail businesses that clean, service or refurbish and repair
17 tangible personal property for its owner;

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

1 (F) “primary” or “primarily” mean more than 50% of the time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (4) The following machinery, equipment and materials shall be deemed to be exempt
19 even though it may not otherwise qualify as machinery and equipment used as an integral
20 or essential part of an integrated production operation: (A) Computers and related
21 peripheral equipment that are utilized by a manufacturing or processing business for
22 engineering of the finished product or for research and development or product design;
23 (B) machinery and equipment that is utilized by a manufacturing or processing business

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

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

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

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

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

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

8 (E) furniture and other furnishings;

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

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

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

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

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

20 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings of the
21 machinery and equipment that qualify or do not qualify as an integral or essential part of
22 an integrated production operation. When machinery or equipment is used as an integral
23 or essential part of production operations part of the time and for nonproduction purposes

1 at other times, the primary use of the machinery or equipment shall determine whether or
2 not such machinery or equipment qualifies for exemption.

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

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

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

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

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

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

22 (qq) all sales of tangible personal property and services purchased by a nonprofit
23 museum or historical society or any combination thereof, including a nonprofit

1 organization that is organized for the purpose of stimulating public interest in the
2 exploration of space by providing educational information, exhibits and experiences, that
3 is exempt from federal income taxation pursuant to section 501(c)(3) of the federal
4 internal revenue code of 1986;

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

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

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

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

22 (vv) all sales of tangible personal property purchased by any of the following
23 organizations that are exempt from federal income taxation pursuant to section 501(c)(3)

1 of the federal internal revenue code of 1986, for the following purposes, and all sales of
2 any such property by or on behalf of any such organization for any such purpose:

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

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

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

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

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

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

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

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

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

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

12 (11) the spina bifida association of Kansas for the purpose of providing financial,
13 educational and practical aid to families and individuals with spina bifida. Such aid
14 includes, but is not limited to, funding for medical devices, counseling and medical
15 educational opportunities;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (xx) all sales of tangible personal property and services purchased by a nonprofit zoo
11 that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal
12 internal revenue code of 1986, or on behalf of such zoo by an entity itself exempt from
13 federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code
14 of 1986 contracted with to operate such zoo and all sales of tangible personal property or
15 services purchased by a contractor for the purpose of constructing, equipping,
16 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for
17 any nonprofit zoo that would be exempt from taxation under the provisions of this section
18 if purchased directly by such nonprofit zoo or the entity operating such zoo. Nothing in
19 this subsection shall be deemed to exempt the purchase of any construction machinery,
20 equipment or tools used in the constructing, equipping, reconstructing, maintaining,
21 repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo. When any
22 nonprofit zoo shall contract for the purpose of constructing, equipping, reconstructing,
23 maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from

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

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

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

12 (aaa) all sales of tangible personal property and services purchased by a religious
13 organization that is exempt from federal income taxation pursuant to section 501(c)(3) of
14 the federal internal revenue code, and used exclusively for religious purposes, and all
15 sales of tangible personal property or services purchased by a contractor for the purpose
16 of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing
17 or remodeling facilities for any such organization that would be exempt from taxation
18 under the provisions of this section if purchased directly by such organization. Nothing in
19 this subsection shall be deemed to exempt the purchase of any construction machinery,
20 equipment or tools used in the constructing, equipping, reconstructing, maintaining,
21 repairing, enlarging, furnishing or remodeling facilities for any such organization. When
22 any such organization shall contract for the purpose of constructing, equipping,
23 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it

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

1 Sales tax paid on and after July 1, 1998, but prior to the effective date of this act upon the
2 gross receipts received from any sale exempted by the amendatory provisions of this
3 subsection shall be refunded. Each claim for a sales tax refund shall be verified and
4 submitted to the director of taxation upon forms furnished by the director and shall be
5 accompanied by any additional documentation required by the director. The director shall
6 review each claim and shall refund that amount of sales tax paid as determined under the
7 provisions of this subsection. All refunds shall be paid from the sales tax refund fund
8 upon warrants of the director of accounts and reports pursuant to vouchers approved by
9 the director or the director's designee;

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

14 (ccc) on and after July 1, 1999, all sales of tangible personal property and services
15 purchased by a primary care clinic or health center the primary purpose of which is to
16 provide services to medically underserved individuals and families, and that is exempt
17 from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue
18 code, and all sales of tangible personal property or services purchased by a contractor for
19 the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging,
20 furnishing or remodeling facilities for any such clinic or center that would be exempt
21 from taxation under the provisions of this section if purchased directly by such clinic or
22 center, except that for taxable years commencing after December 31, 2013, this
23 subsection shall not apply to any sales of such tangible personal property and services

1 purchased by a primary care clinic or health center which performs any abortion, as
2 defined in K.S.A. 65-6701, and amendments thereto. Nothing in this subsection shall be
3 deemed to exempt the purchase of any construction machinery, equipment or tools used
4 in the constructing, equipping, reconstructing, maintaining, repairing, enlarging,
5 furnishing or remodeling facilities for any such clinic or center. When any such clinic or
6 center shall contract for the purpose of constructing, equipping, reconstructing,
7 maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from
8 the state and furnish to the contractor an exemption certificate for the project involved,
9 and the contractor may purchase materials for incorporation in such project. The
10 contractor shall furnish the number of such certificate to all suppliers from whom such
11 purchases are made, and such suppliers shall execute invoices covering the same bearing
12 the number of such certificate. Upon completion of the project the contractor shall furnish
13 to such clinic or center concerned a sworn statement, on a form to be provided by the
14 director of taxation, that all purchases so made were entitled to exemption under this
15 subsection. All invoices shall be held by the contractor for a period of five years and shall
16 be subject to audit by the director of taxation. If any materials purchased under such a
17 certificate are found not to have been incorporated in the building or other project or not
18 to have been returned for credit or the sales or compensating tax otherwise imposed upon
19 such materials that will not be so incorporated in the building or other project reported
20 and paid by such contractor to the director of taxation not later than the 20th day of the
21 month following the close of the month in which it shall be determined that such
22 materials will not be used for the purpose for which such certificate was issued, such
23 clinic or center concerned shall be liable for tax on all materials purchased for the project,

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

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

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

20 (fff) all sales of material handling equipment, racking systems and other related
21 machinery and equipment that is used for the handling, movement or storage of tangible
22 personal property in a warehouse or distribution facility in this state; all sales of
23 installation, repair and maintenance services performed on such machinery and

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

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

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

18 (iii) all sales of personal property and services purchased by an organization that is
19 exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal
20 revenue code of 1986, and such personal property and services are used by any such
21 organization in the collection, storage and distribution of food products to nonprofit
22 organizations that distribute such food products to persons pursuant to a food distribution
23 program on a charitable basis without fee or charge, and all sales of tangible personal

1 property or services purchased by a contractor for the purpose of constructing, equipping,
2 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities used
3 for the collection and storage of such food products for any such organization which is
4 exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal
5 revenue code of 1986, that would be exempt from taxation under the provisions of this
6 section if purchased directly by such organization. Nothing in this subsection shall be
7 deemed to exempt the purchase of any construction machinery, equipment or tools used
8 in the constructing, equipping, reconstructing, maintaining, repairing, enlarging,
9 furnishing or remodeling facilities for any such organization. When any such
10 organization shall contract for the purpose of constructing, equipping, reconstructing,
11 maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from
12 the state and furnish to the contractor an exemption certificate for the project involved,
13 and the contractor may purchase materials for incorporation in such project. The
14 contractor shall furnish the number of such certificate to all suppliers from whom such
15 purchases are made, and such suppliers shall execute invoices covering the same bearing
16 the number of such certificate. Upon completion of the project the contractor shall furnish
17 to such organization concerned a sworn statement, on a form to be provided by the
18 director of taxation, that all purchases so made were entitled to exemption under this
19 subsection. All invoices shall be held by the contractor for a period of five years and shall
20 be subject to audit by the director of taxation. If any materials purchased under such a
21 certificate are found not to have been incorporated in such facilities or not to have been
22 returned for credit or the sales or compensating tax otherwise imposed upon such
23 materials that will not be so incorporated in such facilities reported and paid by such

1 contractor to the director of taxation not later than the 20th day of the month following
2 the close of the month in which it shall be determined that such materials will not be used
3 for the purpose for which such certificate was issued, such organization concerned shall
4 be liable for tax on all materials purchased for the project, and upon payment thereof it
5 may recover the same from the contractor together with reasonable attorney fees. Any
6 contractor or any agent, employee or subcontractor thereof, who shall use or otherwise
7 dispose of any materials purchased under such a certificate for any purpose other than
8 that for which such a certificate is issued without the payment of the sales or
9 compensating tax otherwise imposed upon such materials, shall be guilty of a
10 misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for
11 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after July 1, 2005,
12 but prior to the effective date of this act upon the gross receipts received from any sale
13 exempted by the amendatory provisions of this subsection shall be refunded. Each claim
14 for a sales tax refund shall be verified and submitted to the director of taxation upon
15 forms furnished by the director and shall be accompanied by any additional
16 documentation required by the director. The director shall review each claim and shall
17 refund that amount of sales tax paid as determined under the provisions of this
18 subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the
19 director of accounts and reports pursuant to vouchers approved by the director or the
20 director's designee;

21 (jjj) all sales of dietary supplements dispensed pursuant to a prescription order by a
22 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-1626, and
23 amendments thereto. As used in this subsection, "dietary supplement" means any

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

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

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

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

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

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

16 (qqq) all sales of tangible personal property and services purchased by TLC for
17 children and families, inc., hereinafter referred to as TLC, which is exempt from federal
18 income taxation pursuant to section 501(c)(3) of the federal internal revenue code of
19 1986, and such property and services are used for the purpose of providing emergency
20 shelter and treatment for abused and neglected children as well as meeting additional
21 critical needs for children, juveniles and family, and all sales of any such property by or
22 on behalf of TLC for any such purpose; and all sales of tangible personal property or
23 services purchased by a contractor for the purpose of constructing, maintaining, repairing,

1 enlarging, furnishing or remodeling facilities for the operation of services for TLC for
2 any such purpose that would be exempt from taxation under the provisions of this section
3 if purchased directly by TLC. Nothing in this subsection shall be deemed to exempt the
4 purchase of any construction machinery, equipment or tools used in the constructing,
5 maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC. When
6 TLC contracts for the purpose of constructing, maintaining, repairing, enlarging,
7 furnishing or remodeling such facilities, it shall obtain from the state and furnish to the
8 contractor an exemption certificate for the project involved, and the contractor may
9 purchase materials for incorporation in such project. The contractor shall furnish the
10 number of such certificate to all suppliers from whom such purchases are made, and such
11 suppliers shall execute invoices covering the same bearing the number of such certificate.
12 Upon completion of the project the contractor shall furnish to TLC a sworn statement, on
13 a form to be provided by the director of taxation, that all purchases so made were entitled
14 to exemption under this subsection. All invoices shall be held by the contractor for a
15 period of five years and shall be subject to audit by the director of taxation. If any
16 materials purchased under such a certificate are found not to have been incorporated in
17 the building or other project or not to have been returned for credit or the sales or
18 compensating tax otherwise imposed upon such materials that will not be so incorporated
19 in the building or other project reported and paid by such contractor to the director of
20 taxation not later than the 20th day of the month following the close of the month in
21 which it shall be determined that such materials will not be used for the purpose for
22 which such certificate was issued, TLC shall be liable for tax on all materials purchased
23 for the project, and upon payment thereof it may recover the same from the contractor

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

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

13 (sss) all sales of tangible personal property and services purchased by catholic
14 charities or youthville, hereinafter referred to as charitable family providers, which is
15 exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal
16 revenue code of 1986, and which such property and services are used for the purpose of
17 providing emergency shelter and treatment for abused and neglected children as well as
18 meeting additional critical needs for children, juveniles and family, and all sales of any
19 such property by or on behalf of charitable family providers for any such purpose; and all
20 sales of tangible personal property or services purchased by a contractor for the purpose
21 of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for
22 the operation of services for charitable family providers for any such purpose which
23 would be exempt from taxation under the provisions of this section if purchased directly

1 by charitable family providers. Nothing in this subsection shall be deemed to exempt the
2 purchase of any construction machinery, equipment or tools used in the constructing,
3 maintaining, repairing, enlarging, furnishing or remodeling such facilities for charitable
4 family providers. When charitable family providers contracts for the purpose of
5 constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it
6 shall obtain from the state and furnish to the contractor an exemption certificate for the
7 project involved, and the contractor may purchase materials for incorporation in such
8 project. The contractor shall furnish the number of such certificate to all suppliers from
9 whom such purchases are made, and such suppliers shall execute invoices covering the
10 same bearing the number of such certificate. Upon completion of the project the
11 contractor shall furnish to charitable family providers a sworn statement, on a form to be
12 provided by the director of taxation, that all purchases so made were entitled to
13 exemption under this subsection. All invoices shall be held by the contractor for a period
14 of five years and shall be subject to audit by the director of taxation. If any materials
15 purchased under such a certificate are found not to have been incorporated in the building
16 or other project or not to have been returned for credit or the sales or compensating tax
17 otherwise imposed upon such materials that will not be so incorporated in the building or
18 other project reported and paid by such contractor to the director of taxation not later than
19 the 20th day of the month following the close of the month in which it shall be
20 determined that such materials will not be used for the purpose for which such certificate
21 was issued, charitable family providers shall be liable for tax on all materials purchased
22 for the project, and upon payment thereof it may recover the same from the contractor
23 together with reasonable attorney fees. Any contractor or any agent, employee or

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

6 (ttt) all sales of tangible personal property or services purchased by a contractor for a
7 project for the purpose of restoring, constructing, equipping, reconstructing, maintaining,
8 repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit
9 museum that has been granted an exemption pursuant to subsection (qq), which such
10 home or facility is located in a city that has been designated as a qualified hometown
11 pursuant to the provisions of K.S.A. 75-5071 et seq., and amendments thereto, and which
12 such project is related to the purposes of K.S.A. 75-5071 et seq., and amendments
13 thereto, and that would be exempt from taxation under the provisions of this section if
14 purchased directly by such nonprofit museum. Nothing in this subsection shall be deemed
15 to exempt the purchase of any construction machinery, equipment or tools used in the
16 restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging,
17 furnishing or remodeling a home or facility for any such nonprofit museum. When any
18 such nonprofit museum shall contract for the purpose of restoring, constructing,
19 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a
20 home or facility, it shall obtain from the state and furnish to the contractor an exemption
21 certificate for the project involved, and the contractor may purchase materials for
22 incorporation in such project. The contractor shall furnish the number of such certificates
23 to all suppliers from whom such purchases are made, and such suppliers shall execute

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

20 (uuu) all sales of tangible personal property and services purchased by Kansas
21 children's service league, hereinafter referred to as KCSL, which is exempt from federal
22 income taxation pursuant to section 501(c)(3) of the federal internal revenue code of
23 1986, and which such property and services are used for the purpose of providing for the

1 prevention and treatment of child abuse and maltreatment as well as meeting additional
2 critical needs for children, juveniles and family, and all sales of any such property by or
3 on behalf of KCSL for any such purpose; and all sales of tangible personal property or
4 services purchased by a contractor for the purpose of constructing, maintaining, repairing,
5 enlarging, furnishing or remodeling facilities for the operation of services for KCSL for
6 any such purpose that would be exempt from taxation under the provisions of this section
7 if purchased directly by KCSL. Nothing in this subsection shall be deemed to exempt the
8 purchase of any construction machinery, equipment or tools used in the constructing,
9 maintaining, repairing, enlarging, furnishing or remodeling such facilities for KCSL.
10 When KCSL contracts for the purpose of constructing, maintaining, repairing, enlarging,
11 furnishing or remodeling such facilities, it shall obtain from the state and furnish to the
12 contractor an exemption certificate for the project involved, and the contractor may
13 purchase materials for incorporation in such project. The contractor shall furnish the
14 number of such certificate to all suppliers from whom such purchases are made, and such
15 suppliers shall execute invoices covering the same bearing the number of such certificate.
16 Upon completion of the project the contractor shall furnish to KCSL a sworn statement,
17 on a form to be provided by the director of taxation, that all purchases so made were
18 entitled to exemption under this subsection. All invoices shall be held by the contractor
19 for a period of five years and shall be subject to audit by the director of taxation. If any
20 materials purchased under such a certificate are found not to have been incorporated in
21 the building or other project or not to have been returned for credit or the sales or
22 compensating tax otherwise imposed upon such materials that will not be so incorporated
23 in the building or other project reported and paid by such contractor to the director of

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

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

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

1 (xxx) all sales of personal property and services purchased by the booth theatre
2 foundation, inc., an organization, which is exempt from federal income taxation pursuant
3 to section 501(c)(3) of the federal internal revenue code of 1986, and which such
4 personal property and services are used by any such organization in the constructing,
5 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling of
6 the booth theatre, and all sales of tangible personal property or services purchased by a
7 contractor for the purpose of constructing, equipping, reconstructing, maintaining,
8 repairing, enlarging, furnishing or remodeling the booth theatre for such organization,
9 that would be exempt from taxation under the provisions of this section if purchased
10 directly by such organization. Nothing in this subsection shall be deemed to exempt the
11 purchase of any construction machinery, equipment or tools used in the constructing,
12 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
13 facilities for any such organization. When any such organization shall contract for the
14 purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging,
15 furnishing or remodeling facilities, it shall obtain from the state and furnish to the
16 contractor an exemption certificate for the project involved, and the contractor may
17 purchase materials for incorporation in such project. The contractor shall furnish the
18 number of such certificate to all suppliers from whom such purchases are made, and such
19 suppliers shall execute invoices covering the same bearing the number of such certificate.
20 Upon completion of the project the contractor shall furnish to such organization
21 concerned a sworn statement, on a form to be provided by the director of taxation, that all
22 purchases so made were entitled to exemption under this subsection. All invoices shall be
23 held by the contractor for a period of five years and shall be subject to audit by the

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

1 upon warrants of the director of accounts and reports pursuant to vouchers approved by
2 the director or the director's designee;

3 (yyy) all sales of tangible personal property and services purchased by TLC charities
4 foundation, inc., hereinafter referred to as TLC charities, which is exempt from federal
5 income taxation pursuant to section 501(c)(3) of the federal internal revenue code of
6 1986, and which such property and services are used for the purpose of encouraging
7 private philanthropy to further the vision, values, and goals of TLC for children and
8 families, inc.; and all sales of such property and services by or on behalf of TLC charities
9 for any such purpose and all sales of tangible personal property or services purchased by
10 a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing
11 or remodeling facilities for the operation of services for TLC charities for any such
12 purpose that would be exempt from taxation under the provisions of this section if
13 purchased directly by TLC charities. Nothing in this subsection shall be deemed to
14 exempt the purchase of any construction machinery, equipment or tools used in the
15 constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities
16 for TLC charities. When TLC charities contracts for the purpose of constructing,
17 maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
18 from the state and furnish to the contractor an exemption certificate for the project
19 involved, and the contractor may purchase materials for incorporation in such project.
20 The contractor shall furnish the number of such certificate to all suppliers from whom
21 such purchases are made, and such suppliers shall execute invoices covering the same
22 bearing the number of such certificate. Upon completion of the project the contractor
23 shall furnish to TLC charities a sworn statement, on a form to be provided by the director

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

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

22 (aaaa) all sales of personal property and services purchased by or on behalf of victory
23 in the valley, inc., which is exempt from federal income taxation pursuant to section

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

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

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

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

21 (eeee) all sales of tangible personal property or services purchased by or on behalf of
22 all American beef battalion, inc., which is exempt from federal income taxation pursuant
23 to section 501(c)(3) of the federal internal revenue code, for the purpose of educating,

1 promoting and participating as a contact group through the beef cattle industry in order to
2 carry out such projects that provide support and morale to members of the United States
3 armed forces and military services;

4 (ffff) all sales of tangible personal property and services purchased by sheltered
5 living, inc., which is exempt from federal income taxation pursuant to section 501(c)(3)
6 of the federal internal revenue code of 1986, and which such property and services are
7 used for the purpose of providing residential and day services for people with
8 developmental disabilities or intellectual disability, or both, and all sales of any such
9 property by or on behalf of sheltered living, inc., for any such purpose; and all sales of
10 tangible personal property or services purchased by a contractor for the purpose of
11 rehabilitating, constructing, maintaining, repairing, enlarging, furnishing or remodeling
12 homes and facilities for sheltered living, inc., for any such purpose that would be exempt
13 from taxation under the provisions of this section if purchased directly by sheltered
14 living, inc. Nothing in this subsection shall be deemed to exempt the purchase of any
15 construction machinery, equipment or tools used in the constructing, maintaining,
16 repairing, enlarging, furnishing or remodeling such homes and facilities for sheltered
17 living, inc. When sheltered living, inc., contracts for the purpose of rehabilitating,
18 constructing, maintaining, repairing, enlarging, furnishing or remodeling such homes and
19 facilities, it shall obtain from the state and furnish to the contractor an exemption
20 certificate for the project involved, and the contractor may purchase materials for
21 incorporation in such project. The contractor shall furnish the number of such certificate
22 to all suppliers from whom such purchases are made, and such suppliers shall execute
23 invoices covering the same bearing the number of such certificate. Upon completion of

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

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

21 (hhhh) all sales of tangible personal property or services purchased on or after July 1,
22 2014, for the purpose of and in conjunction with constructing, reconstructing, enlarging
23 or remodeling a business identified under the North American industry classification

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

21 (iii) all sales of tangible personal property or services purchased by a contractor for
22 the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling
23 facilities for the operation of services for Wichita children's home for any such purpose

1 that would be exempt from taxation under the provisions of this section if purchased
2 directly by Wichita children's home. Nothing in this subsection shall be deemed to
3 exempt the purchase of any construction machinery, equipment or tools used in the
4 constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities
5 for Wichita children's home. When Wichita children's home contracts for the purpose of
6 constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it
7 shall obtain from the state and furnish to the contractor an exemption certificate for the
8 project involved, and the contractor may purchase materials for incorporation in such
9 project. The contractor shall furnish the number of such certificate to all suppliers from
10 whom such purchases are made, and such suppliers shall execute invoices covering the
11 same bearing the number of such certificate. Upon completion of the project, the
12 contractor shall furnish to Wichita children's home a sworn statement, on a form to be
13 provided by the director of taxation, that all purchases so made were entitled to
14 exemption under this subsection. All invoices shall be held by the contractor for a period
15 of five years and shall be subject to audit by the director of taxation. If any materials
16 purchased under such a certificate are found not to have been incorporated in the building
17 or other project or not to have been returned for credit or the sales or compensating tax
18 otherwise imposed upon such materials that will not be so incorporated in the building or
19 other project reported and paid by such contractor to the director of taxation not later than
20 the 20th day of the month following the close of the month in which it shall be
21 determined that such materials will not be used for the purpose for which such certificate
22 was issued, Wichita children's home shall be liable for the tax on all materials purchased
23 for the project, and upon payment, it may recover the same from the contractor together

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

7 (jjjj) all sales of tangible personal property or services purchased by or on behalf of
8 the beacon, inc., that is exempt from federal income taxation pursuant to section
9 501(c)(3) of the federal internal revenue code, for the purpose of providing those desiring
10 help with food, shelter, clothing and other necessities of life during times of special need;

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

17 (llll) all sales of tangible personal property and services purchased by Gove county
18 healthcare endowment foundation, inc., which is exempt from federal income taxation
19 pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which
20 such property and services are used for the purpose of constructing and equipping an
21 airport in Quinter, Kansas, and all sales of tangible personal property or services
22 purchased by a contractor for the purpose of constructing and equipping an airport in
23 Quinter, Kansas, for such organization, that would be exempt from taxation under the

1 provisions of this section if purchased directly by such organization. Nothing in this
2 subsection shall be deemed to exempt the purchase of any construction machinery,
3 equipment or tools used in the constructing or equipping of facilities for such
4 organization. When such organization shall contract for the purpose of constructing or
5 equipping an airport in Quinter, Kansas, it shall obtain from the state and furnish to the
6 contractor an exemption certificate for the project involved, and the contractor may
7 purchase materials for incorporation in such project. The contractor shall furnish the
8 number of such certificate to all suppliers from whom such purchases are made, and such
9 suppliers shall execute invoices covering the same bearing the number of such certificate.
10 Upon completion of the project, the contractor shall furnish to such organization
11 concerned a sworn statement, on a form to be provided by the director of taxation, that all
12 purchases so made were entitled to exemption under this subsection. All invoices shall be
13 held by the contractor for a period of five years and shall be subject to audit by the
14 director of taxation. If any materials purchased under such a certificate are found not to
15 have been incorporated in such facilities or not to have been returned for credit or the
16 sales or compensating tax otherwise imposed upon such materials that will not be so
17 incorporated in such facilities reported and paid by such contractor to the director of
18 taxation no later than the 20th day of the month following the close of the month in
19 which it shall be determined that such materials will not be used for the purpose for
20 which such certificate was issued, such organization concerned shall be liable for tax on
21 all materials purchased for the project, and upon payment thereof it may recover the same
22 from the contractor together with reasonable attorney fees. Any contractor or any agent,
23 employee or subcontractor thereof, who purchased under such a certificate for any

1 purpose other than that for which such a certificate is issued without the payment of the
2 sales or compensating tax otherwise imposed upon such materials, shall be guilty of a
3 misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for
4 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this subsection shall
5 expire and have no effect on and after July 1, 2019;

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

10 (nnnn) all sales of tangible personal property or services purchased by friends of
11 hospice of Jefferson county, an organization that is exempt from federal income taxation
12 pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for the purpose
13 of providing support to the Jefferson county hospice agency in end-of-life care of
14 Jefferson county families, friends and neighbors, and all sales of entry or participation
15 fees, charges or tickets by friends of hospice of Jefferson county for such organization's
16 fundraising event for such purpose; and

17 (oooo) all sales of tangible personal property or services purchased for the purpose of
18 and in conjunction with constructing, reconstructing, enlarging or remodeling a qualified
19 business facility by a qualified firm or qualified supplier that meets the requirements
20 established in K.S.A. 2022 Supp. 74-50,312 and 74-50,319, and amendments thereto, and
21 that has been approved for a project exemption certificate by the secretary of commerce,
22 and the sale and installation of machinery and equipment purchased by such qualified
23 firm or qualified supplier for installation at any such qualified business facility. When a

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

20 *(pppp) (1) all sales of children’s diapers.*

21 *(2) For purposes of this subsection:*

22 *(A) “Children’s diapers” means diapers marketed to be worn by children.*

1 (B) *“Diaper” means an absorbent garment worn by humans who are incapable of, or*
2 *have difficulty, controlling their bladder or bowel movements.*

3 (qqqq) *all sales of feminine hygiene products. For purposes of this subsection,*
4 *“feminine hygiene products” means tampons, panty liners, menstrual cups, sanitary*
5 *napkins, and other similar tangible personal property designed for feminine hygiene in*
6 *connection with the human menstrual cycle.*

7 Sec. 7. K.S.A. 79-3620 is hereby amended to read as follows: 79-3620. (a) All
8 revenue collected or received by the director of taxation from the taxes imposed by this
9 act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-
10 4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer
11 shall deposit the entire amount in the state treasury, less amounts withheld as provided in
12 subsection (b) and amounts credited as provided in subsections (c), (d) and (e), to the
13 credit of the state general fund.

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

1 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the revenue
2 collected and received from the tax imposed by K.S.A. 79-3603, and amendments
3 thereto, at the rates provided in K.S.A. 79-3603, and amendments thereto, and K.S.A.
4 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by subsection
5 (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

6 (2) On ~~January 1, 2025~~ *April 1, 2023*, and thereafter, the state treasurer shall credit
7 18% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and
8 amendments thereto, at the rates provided in K.S.A. 79-3603, and amendments thereto,
9 and K.S.A. 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by
10 subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state
11 highway fund.

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

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

1 boundary, that includes capital investment in an amount exceeding \$150 million for the
2 construction of an intermodal facility to handle the transfer, storage and distribution of
3 freight through railway and trucking operations.

4 Sec. 8. K.S.A. 2022 Supp. 79-3703 is hereby amended to read as follows: 79-3703.

5 (a) There is hereby levied and there shall be collected from every person in this state a tax
6 or excise for the privilege of using, storing, or consuming within this state any article of
7 tangible personal property. Such tax shall be levied and collected in an amount equal to
8 the consideration paid by the taxpayer multiplied by the rate of 6.5%.

9 (b) Commencing on January 1, 2023, and thereafter, the state rate on the amount
10 equal to the consideration paid by the taxpayer from the sale of food and food ingredients
11 as provided in K.S.A. 79-3603, and amendments thereto, shall be as set forth in K.S.A.
12 2022 Supp. 79-3603d, and amendments thereto.

13 (c) On and after January 1, 2023, 17% and on and after ~~January 1, 2025~~ *April 1, 2023*,
14 18% of the tax rate imposed pursuant to this section and the rate provided in K.S.A. 2022
15 Supp. 79-3603d, and amendments thereto, shall be levied for the state highway fund, the
16 state highway fund purposes and those purposes specified in K.S.A. 68-416, and
17 amendments thereto, and all revenue collected and received from such tax levy shall be
18 deposited in the state highway fund.

19 (d) Within a redevelopment district established pursuant to K.S.A. 74-8921, and
20 amendments thereto, there is hereby levied and there shall be collected and paid an
21 additional tax of 2% until the earlier of: (1) The date the bonds issued to finance or
22 refinance the redevelopment project undertaken in the district have been paid in full; or

1 (2) the final scheduled maturity of the first series of bonds issued to finance the
2 redevelopment project.

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

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

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

20 (c) (1) On January 1, 2023, the state treasurer shall credit 17% of the revenue
21 collected and received from the tax imposed by K.S.A. 79-3703, and amendments
22 thereto, at the rates provided in K.S.A. 79-3703, and amendments thereto, and K.S.A.

1 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by subsection
2 (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

3 (2) On ~~January 1, 2025~~ *April 1, 2023*, and thereafter, the state treasurer shall credit
4 18% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and
5 amendments thereto, at the rates provided in K.S.A. 79-3703, and amendments thereto,
6 and K.S.A. 2022 Supp. 79-3603d, and amendments thereto, and deposited as provided by
7 subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state
8 highway fund.

9 (d) The state treasurer shall credit all revenue collected or received from the tax
10 imposed by K.S.A. 79-3703, and amendments thereto, as certified by the director, from
11 taxpayers doing business within that portion of a redevelopment district occupied by a
12 redevelopment project that was determined by the secretary of commerce to be of
13 statewide as well as local importance or will create a major tourism area for the state as
14 defined in K.S.A. 12-1770a, and amendments thereto, to the city bond finance fund
15 created by K.S.A. 79-3620(d), and amendments thereto. The provisions of this subsection
16 shall expire when the total of all amounts credited hereunder and under K.S.A. 79-
17 3620(d), and amendments thereto, is sufficient to retire the special obligation bonds
18 issued for the purpose of financing all or a portion of the costs of such redevelopment
19 project.

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

22 (e) All revenue certified by the director of taxation as having been collected or
23 received from the tax imposed by K.S.A. 79-3603(c), and amendments thereto, on the

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

1 construction of an intermodal facility to handle the transfer, storage and distribution of
2 freight through railway and trucking operations.

3 Sec. 10. K.S.A. 79-32,271, 79-3620, and 79-3710 and K.S.A. 2022 Supp. 12-17,162,
4 79-3603, 79-3603d, 79-3606 and 79-3703 are hereby repealed.

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

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