

**SENATE BILL No. 435**

By Committee on Federal and State Affairs

2-1

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1 AN ACT concerning sales taxation; relating to exemptions; providing an  
2 exemption for period products, diapers and incontinence products;  
3 amending K.S.A. 2023 Supp. 79-3606 and repealing the existing  
4 section.

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

7 Section 1. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as  
8 follows: 79-3606. The following shall be exempt from the tax imposed by  
9 this act:

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

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

1 such items of personal property or service are used or proposed to be used  
2 in such business;

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

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

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

1 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
2 79-3615(h), and amendments thereto;

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

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

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

1 replacement parts and sales of services employed in the remanufacture,  
2 modification and repair of aircraft;

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

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

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

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

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

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

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

41 (o) all sales of animals, fowl and aquatic plants and animals, the  
42 primary purpose of which is use in agriculture or aquaculture, as defined in  
43 K.S.A. 47-1901, and amendments thereto, the production of food for

1 human consumption, the production of animal, dairy, poultry or aquatic  
2 plant and animal products, fiber or fur, or the production of offspring for  
3 use for any such purpose or purposes;

4 (p) all sales of drugs dispensed pursuant to a prescription order by a  
5 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
6 1626, and amendments thereto. As used in this subsection, "drug" means a  
7 compound, substance or preparation and any component of a compound,  
8 substance or preparation, other than food and food ingredients, dietary  
9 supplements or alcoholic beverages, recognized in the official United  
10 States pharmacopeia, official homeopathic pharmacopoeia of the United  
11 States or official national formulary, and supplement to any of them,  
12 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
13 of disease or intended to affect the structure or any function of the body,  
14 except that for taxable years commencing after December 31, 2013, this  
15 subsection shall not apply to any sales of drugs used in the performance or  
16 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
17 thereto;

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

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

41 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,  
42 all sales of tangible personal property or services purchased directly or  
43 indirectly by a groundwater management district organized or operating

1 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,  
2 by a rural water district organized or operating under the authority of  
3 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
4 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
5 3522 et seq. or 19-3545, and amendments thereto, which property or  
6 services are used in the construction activities, operation or maintenance of  
7 the district;

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

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

37 (v) all sales of tangible personal property to any contractor for use in  
38 preparing meals for delivery to homebound elderly persons over 60 years  
39 of age and to homebound disabled persons or to be served at a group-  
40 sitting at a location outside of the home to otherwise homebound elderly  
41 persons over 60 years of age and to otherwise homebound disabled  
42 persons, as all or part of any food service project funded in whole or in  
43 part by government or as part of a private nonprofit food service project

1 available to all such elderly or disabled persons residing within an area of  
2 service designated by the private nonprofit organization, and all sales of  
3 tangible personal property for use in preparing meals for consumption by  
4 indigent or homeless individuals whether or not such meals are consumed  
5 at a place designated for such purpose, and all sales of food products by or  
6 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

39 (cc) all sales of tangible personal property or services purchased prior  
40 to January 1, 2012, except as otherwise provided, for the purpose of and in  
41 conjunction with constructing, reconstructing, enlarging or remodeling a  
42 business or retail business that meets the requirements established in  
43 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of



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

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

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

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

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

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

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

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

43 (kk) (1) (A) all sales of machinery and equipment that are used in this

1 state as an integral or essential part of an integrated production operation  
2 by a manufacturing or processing plant or facility;

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

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

7 (2) For purposes of this subsection:

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

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

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

32 (D) "manufacturing or processing business" means a business that  
33 utilizes an integrated production operation to manufacture, process,  
34 fabricate, finish or assemble items for wholesale and retail distribution as  
35 part of what is commonly regarded by the general public as an industrial  
36 manufacturing or processing operation or an agricultural commodity  
37 processing operation. (i) Industrial manufacturing or processing operations  
38 include, by way of illustration but not of limitation, the fabrication of  
39 automobiles, airplanes, machinery or transportation equipment, the  
40 fabrication of metal, plastic, wood or paper products, electricity power  
41 generation, water treatment, petroleum refining, chemical production,  
42 wholesale bottling, newspaper printing, ready mixed concrete production,  
43 and the remanufacturing of used parts for wholesale or retail sale. Such

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (4) The following machinery, equipment and materials shall be  
31 deemed to be exempt even though it may not otherwise qualify as  
32 machinery and equipment used as an integral or essential part of an  
33 integrated production operation: (A) Computers and related peripheral  
34 equipment that are utilized by a manufacturing or processing business for  
35 engineering of the finished product or for research and development or  
36 product design; (B) machinery and equipment that is utilized by a  
37 manufacturing or processing business to manufacture or rebuild tangible  
38 personal property that is used in manufacturing or processing operations,  
39 including tools, dies, molds, forms and other parts of qualifying machinery  
40 and equipment; (C) portable plants for aggregate concrete, bulk cement  
41 and asphalt including cement mixing drums to be attached to a motor  
42 vehicle; (D) industrial fixtures, devices, support facilities and special  
43 foundations necessary for manufacturing and production operations, and

1 materials and other tangible personal property sold for the purpose of  
2 fabricating such fixtures, devices, facilities and foundations. An exemption  
3 certificate for such purchases shall be signed by the manufacturer or  
4 processor. If the fabricator purchases such material, the fabricator shall  
5 also sign the exemption certificate; (E) a manufacturing or processing  
6 business' laboratory equipment that is not located at the plant or facility,  
7 but that would otherwise qualify for exemption under subsection (3)(E);  
8 (F) all machinery and equipment used in surface mining activities as  
9 described in K.S.A. 49-601 et seq., and amendments thereto, beginning  
10 from the time a reclamation plan is filed to the acceptance of the  
11 completed final site reclamation.

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

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

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

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

27 (D) office machines and equipment including computers and related  
28 peripheral equipment not used directly and primarily to control or measure  
29 the manufacturing process;

30 (E) furniture and other furnishings;

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

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

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

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

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

1 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings  
2 of the machinery and equipment that qualify or do not qualify as an  
3 integral or essential part of an integrated production operation. When  
4 machinery or equipment is used as an integral or essential part of  
5 production operations part of the time and for nonproduction purposes at  
6 other times, the primary use of the machinery or equipment shall  
7 determine whether or not such machinery or equipment qualifies for  
8 exemption.

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

11 (ll) all sales of educational materials purchased for distribution to the  
12 public at no charge by a nonprofit corporation organized for the purpose of  
13 encouraging, fostering and conducting programs for the improvement of  
14 public health, except that for taxable years commencing after December  
15 31, 2013, this subsection shall not apply to any sales of such materials  
16 purchased by a nonprofit corporation which performs any abortion, as  
17 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

37 (rr) all sales of tangible personal property that will admit the  
38 purchaser thereof to any annual event sponsored by a nonprofit  
39 organization that is exempt from federal income taxation pursuant to  
40 section 501(c)(3) of the federal internal revenue code of 1986, except that  
41 for taxable years commencing after December 31, 2013, this subsection  
42 shall not apply to any sales of such tangible personal property purchased  
43 by a nonprofit organization which performs any abortion, as defined in

1 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

28 (4) the American diabetes association Kansas affiliate, inc. for the  
29 purpose of eliminating diabetes through medical research, public education  
30 focusing on disease prevention and education, patient education including  
31 information on coping with diabetes, and professional education and  
32 training;

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

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

42 (7) the Kansas chapters of the Parkinson's disease association for the  
43 purpose of eliminating Parkinson's disease through medical research and



1 public and professional education related to such disease;

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

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

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

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

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

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

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

26 (15) the KSDS, Inc., for the purpose of promoting the independence  
27 and inclusion of people with disabilities as fully participating and  
28 contributing members of their communities and society through the  
29 training and providing of guide and service dogs to people with  
30 disabilities, and providing disability education and awareness to the  
31 general public;

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

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

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

41 (19) the international association of lions clubs for the purpose of  
42 creating and fostering a spirit of understanding among all people for  
43 humanitarian needs by providing voluntary services through community

1 involvement and international cooperation;

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

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

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

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

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

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

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

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

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

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

34 (aaa) all sales of tangible personal property and services purchased by  
35 a religious organization that is exempt from federal income taxation  
36 pursuant to section 501(c)(3) of the federal internal revenue code, and used  
37 exclusively for religious purposes, and all sales of tangible personal  
38 property or services purchased by a contractor for the purpose of  
39 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
40 furnishing or remodeling facilities for any such organization that would be  
41 exempt from taxation under the provisions of this section if purchased  
42 directly by such organization. Nothing in this subsection shall be deemed  
43 to exempt the purchase of any construction machinery, equipment or tools

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

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

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

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

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

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

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

42 (ggg) all sales of tangible personal property and services purchased  
43 by or on behalf of the Kansas academy of science, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal  
2 internal revenue code of 1986, and used solely by such academy for the  
3 preparation, publication and dissemination of education materials;

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

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

1 that such materials will not be used for the purpose for which such  
2 certificate was issued, such organization concerned shall be liable for tax  
3 on all materials purchased for the project, and upon payment thereof it  
4 may recover the same from the contractor together with reasonable  
5 attorney fees. Any contractor or any agent, employee or subcontractor  
6 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  
8 certificate is issued without the payment of the sales or compensating tax  
9 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
10 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  
12 July 1, 2005, but prior to the effective date of this act upon the gross  
13 receipts received from any sale exempted by the amendatory provisions of  
14 this subsection shall be refunded. Each claim for a sales tax refund shall be  
15 verified and submitted to the director of taxation upon forms furnished by  
16 the director and shall be accompanied by any additional documentation  
17 required by the director. The director shall review each claim and shall  
18 refund that amount of sales tax paid as determined under the provisions of  
19 this subsection. All refunds shall be paid from the sales tax refund fund  
20 upon warrants of the director of accounts and reports pursuant to vouchers  
21 approved by the director or the director's designee;

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

37 (lll) all sales of tangible personal property and services purchased by  
38 special olympics Kansas, inc. for the purpose of providing year-round  
39 sports training and athletic competition in a variety of olympic-type sports  
40 for individuals with intellectual disabilities by giving them continuing  
41 opportunities to develop physical fitness, demonstrate courage, experience  
42 joy and participate in a sharing of gifts, skills and friendship with their  
43 families, other special olympics athletes and the community, and activities



1 provided or sponsored by such organization, and all sales of tangible  
2 personal property by or on behalf of any such organization;

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

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

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

18 (ppp) all sales of tangible personal property and services purchased  
19 by or on behalf of a homeless shelter that is exempt from federal income  
20 taxation pursuant to section 501(c)(3) of the federal income tax code of  
21 1986, and used by any such homeless shelter to provide emergency and  
22 transitional housing for individuals and families experiencing  
23 homelessness, and all sales of any such property by or on behalf of any  
24 such homeless shelter for any such purpose;

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

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

27 (rrr) all sales of tangible personal property and services purchased by  
28 any county law library maintained pursuant to law and sales of tangible  
29 personal property and services purchased by an organization that would  
30 have been exempt from taxation under the provisions of this subsection if  
31 purchased directly by the county law library for the purpose of providing  
32 legal resources to attorneys, judges, students and the general public, and  
33 all sales of any such property by or on behalf of any such county law  
34 library;

35 (sss) all sales of tangible personal property and services purchased by  
36 catholic charities or youthville, hereinafter referred to as charitable family  
37 providers, which is exempt from federal income taxation pursuant to  
38 section 501(c)(3) of the federal internal revenue code of 1986, and which  
39 such property and services are used for the purpose of providing  
40 emergency shelter and treatment for abused and neglected children as well  
41 as meeting additional critical needs for children, juveniles and family, and  
42 all sales of any such property by or on behalf of charitable family  
43 providers for any such purpose; and all sales of tangible personal property

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

39 (ttt) all sales of tangible personal property or services purchased by a  
40 contractor for a project for the purpose of restoring, constructing,  
41 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
42 remodeling a home or facility owned by a nonprofit museum that has been  
43 granted an exemption pursuant to subsection (qq), which such home or

1 facility is located in a city that has been designated as a qualified  
2 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
3 amendments thereto, and which such project is related to the purposes of  
4 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
5 exempt from taxation under the provisions of this section if purchased  
6 directly by such nonprofit museum. Nothing in this subsection shall be  
7 deemed to exempt the purchase of any construction machinery, equipment  
8 or tools used in the restoring, constructing, equipping, reconstructing,  
9 maintaining, repairing, enlarging, furnishing or remodeling a home or  
10 facility for any such nonprofit museum. When any such nonprofit museum  
11 shall contract for the purpose of restoring, constructing, equipping,  
12 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
13 a home or facility, it shall obtain from the state and furnish to the  
14 contractor an exemption certificate for the project involved, and the  
15 contractor may purchase materials for incorporation in such project. The  
16 contractor shall furnish the number of such certificates to all suppliers  
17 from whom such purchases are made, and such suppliers shall execute  
18 invoices covering the same bearing the number of such certificate. Upon  
19 completion of the project, the contractor shall furnish to such nonprofit  
20 museum a sworn statement on a form to be provided by the director of  
21 taxation that all purchases so made were entitled to exemption under this  
22 subsection. All invoices shall be held by the contractor for a period of five  
23 years and shall be subject to audit by the director of taxation. If any  
24 materials purchased under such a certificate are found not to have been  
25 incorporated in the building or other project or not to have been returned  
26 for credit or the sales or compensating tax otherwise imposed upon such  
27 materials that will not be so incorporated in a home or facility or other  
28 project reported and paid by such contractor to the director of taxation not  
29 later than the 20<sup>th</sup> day of the month following the close of the month in  
30 which it shall be determined that such materials will not be used for the  
31 purpose for which such certificate was issued, such nonprofit museum  
32 shall be liable for tax on all materials purchased for the project, and upon  
33 payment thereof it may recover the same from the contractor together with  
34 reasonable attorney fees. Any contractor or any agent, employee or  
35 subcontractor thereof, who shall use or otherwise dispose of any materials  
36 purchased under such a certificate for any purpose other than that for  
37 which such a certificate is issued without the payment of the sales or  
38 compensating tax otherwise imposed upon such materials, shall be guilty  
39 of a misdemeanor and, upon conviction therefor, shall be subject to the  
40 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

41 (uuu) all sales of tangible personal property and services purchased  
42 by Kansas children's service league, hereinafter referred to as KCSL,  
43 which is exempt from federal income taxation pursuant to section 501(c)

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

43 (vvv) all sales of tangible personal property or services, including the

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

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

14 (xxx) all sales of personal property and services purchased by the  
15 booth theatre foundation, inc., an organization, which is exempt from  
16 federal income taxation pursuant to section 501(c)(3) of the federal  
17 internal revenue code of 1986, and which such personal property and  
18 services are used by any such organization in the constructing, equipping,  
19 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
20 of the booth theatre, and all sales of tangible personal property or services  
21 purchased by a contractor for the purpose of constructing, equipping,  
22 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
23 the booth theatre for such organization, that would be exempt from  
24 taxation under the provisions of this section if purchased directly by such  
25 organization. Nothing in this subsection shall be deemed to exempt the  
26 purchase of any construction machinery, equipment or tools used in the  
27 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
28 furnishing or remodeling facilities for any such organization. When any  
29 such organization shall contract for the purpose of constructing, equipping,  
30 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
31 facilities, it shall obtain from the state and furnish to the contractor an  
32 exemption certificate for the project involved, and the contractor may  
33 purchase materials for incorporation in such project. The contractor shall  
34 furnish the number of such certificate to all suppliers from whom such  
35 purchases are made, and such suppliers shall execute invoices covering the  
36 same bearing the number of such certificate. Upon completion of the  
37 project the contractor shall furnish to such organization concerned a sworn  
38 statement, on a form to be provided by the director of taxation, that all  
39 purchases so made were entitled to exemption under this subsection. All  
40 invoices shall be held by the contractor for a period of five years and shall  
41 be subject to audit by the director of taxation. If any materials purchased  
42 under such a certificate are found not to have been incorporated in such  
43 facilities or not to have been returned for credit or the sales or

1 compensating tax otherwise imposed upon such materials that will not be  
2 so incorporated in such facilities reported and paid by such contractor to  
3 the director of taxation not later than the 20<sup>th</sup> day of the month following  
4 the close of the month in which it shall be determined that such materials  
5 will not be used for the purpose for which such certificate was issued, such  
6 organization concerned shall be liable for tax on all materials purchased  
7 for the project, and upon payment thereof it may recover the same from  
8 the contractor together with reasonable attorney fees. Any contractor or  
9 any agent, employee or subcontractor thereof, who shall use or otherwise  
10 dispose of any materials purchased under such a certificate for any purpose  
11 other than that for which such a certificate is issued without the payment  
12 of the sales or compensating tax otherwise imposed upon such materials,  
13 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
14 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  
16 to the effective date of this act upon the gross receipts received from any  
17 sale which would have been exempted by the provisions of this subsection  
18 had such sale occurred after the effective date of this act shall be refunded.  
19 Each claim for a sales tax refund shall be verified and submitted to the  
20 director of taxation upon forms furnished by the director and shall be  
21 accompanied by any additional documentation required by the director.  
22 The director shall review each claim and shall refund that amount of sales  
23 tax paid as determined under the provisions of this subsection. All refunds  
24 shall be paid from the sales tax refund fund upon warrants of the director  
25 of accounts and reports pursuant to vouchers approved by the director or  
26 the director's designee;

27 (yyy) all sales of tangible personal property and services purchased  
28 by TLC charities foundation, inc., hereinafter referred to as TLC charities,  
29 which is exempt from federal income taxation pursuant to section 501(c)  
30 (3) of the federal internal revenue code of 1986, and which such property  
31 and services are used for the purpose of encouraging private philanthropy  
32 to further the vision, values, and goals of TLC for children and families,  
33 inc.; and all sales of such property and services by or on behalf of TLC  
34 charities for any such purpose and all sales of tangible personal property or  
35 services purchased by a contractor for the purpose of constructing,  
36 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
37 the operation of services for TLC charities for any such purpose that would  
38 be exempt from taxation under the provisions of this section if purchased  
39 directly by TLC charities. Nothing in this subsection shall be deemed to  
40 exempt the purchase of any construction machinery, equipment or tools  
41 used in the constructing, maintaining, repairing, enlarging, furnishing or  
42 remodeling such facilities for TLC charities. When TLC charities contracts  
43 for the purpose of constructing, maintaining, repairing, enlarging,

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

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

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

40 (bbbb) all sales of entry or participation fees, charges or tickets by  
41 Guadalupe health foundation, which is exempt from federal income  
42 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
43 for such organization's annual fundraising event which purpose is to



1 provide health care services for uninsured workers;

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

11 (dddd) all sales of tangible personal property or services purchased  
12 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
13 of which are exempt from federal income taxation pursuant to section  
14 501(c)(3) of the federal internal revenue code, for the purpose of providing  
15 education, training and employment opportunities for people with  
16 disabilities and other barriers to employment;

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

24 (ffff) all sales of tangible personal property and services purchased by  
25 sheltered living, inc., which is exempt from federal income taxation  
26 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
27 and which such property and services are used for the purpose of  
28 providing residential and day services for people with developmental  
29 disabilities or intellectual disability, or both, and all sales of any such  
30 property by or on behalf of sheltered living, inc., for any such purpose; and  
31 all sales of tangible personal property or services purchased by a  
32 contractor for the purpose of rehabilitating, constructing, maintaining,  
33 repairing, enlarging, furnishing or remodeling homes and facilities for  
34 sheltered living, inc., for any such purpose that would be exempt from  
35 taxation under the provisions of this section if purchased directly by  
36 sheltered living, inc. Nothing in this subsection shall be deemed to exempt  
37 the purchase of any construction machinery, equipment or tools used in the  
38 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
39 such homes and facilities for sheltered living, inc. When sheltered living,  
40 inc., contracts for the purpose of rehabilitating, constructing, maintaining,  
41 repairing, enlarging, furnishing or remodeling such homes and facilities, it  
42 shall obtain from the state and furnish to the contractor an exemption  
43 certificate for the project involved, and the contractor may purchase

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

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

29 (hhhh) all sales of tangible personal property or services purchased  
30 on or after July 1, 2014, for the purpose of and in conjunction with  
31 constructing, reconstructing, enlarging or remodeling a business identified  
32 under the North American industry classification system (NAICS)  
33 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
34 installation of machinery and equipment purchased for installation at any  
35 such business. The exemption provided in this subsection shall not apply  
36 to projects that have actual total costs less than \$50,000. When a person  
37 contracts for the construction, reconstruction, enlargement or remodeling  
38 of any such business, such person shall obtain from the state and furnish to  
39 the contractor an exemption certificate for the project involved, and the  
40 contractor may purchase materials, machinery and equipment for  
41 incorporation in such project. The contractor shall furnish the number of  
42 such certificates to all suppliers from whom such purchases are made, and  
43 such suppliers shall execute invoices covering the same bearing the

1 number of such certificate. Upon completion of the project, the contractor  
2 shall furnish to the owner of the business a sworn statement, on a form to  
3 be provided by the director of taxation, that all purchases so made were  
4 entitled to exemption under this subsection. All invoices shall be held by  
5 the contractor for a period of five years and shall be subject to audit by the  
6 director of taxation. Any contractor or any agent, employee or  
7 subcontractor of the contractor, who shall use or otherwise dispose of any  
8 materials, machinery or equipment purchased under such a certificate for  
9 any purpose other than that for which such a certificate is issued without  
10 the payment of the sales or compensating tax otherwise imposed thereon,  
11 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
12 subject to the penalties provided for in K.S.A. 79-3615(h), and  
13 amendments thereto;

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

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

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

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

21 (llll) all sales of tangible personal property and services purchased by  
22 Gove county healthcare endowment foundation, inc., which is exempt  
23 from federal income taxation pursuant to section 501(c)(3) of the federal  
24 internal revenue code of 1986, and which such property and services are  
25 used for the purpose of constructing and equipping an airport in Quinter,  
26 Kansas, and all sales of tangible personal property or services purchased  
27 by a contractor for the purpose of constructing and equipping an airport in  
28 Quinter, Kansas, for such organization, that would be exempt from  
29 taxation under the provisions of this section if purchased directly by such  
30 organization. Nothing in this subsection shall be deemed to exempt the  
31 purchase of any construction machinery, equipment or tools used in the  
32 constructing or equipping of facilities for such organization. When such  
33 organization shall contract for the purpose of constructing or equipping an  
34 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
35 contractor an exemption certificate for the project involved, and the  
36 contractor may purchase materials for incorporation in such project. The  
37 contractor shall furnish the number of such certificate to all suppliers from  
38 whom such purchases are made, and such suppliers shall execute invoices  
39 covering the same bearing the number of such certificate. Upon  
40 completion of the project, the contractor shall furnish to such organization  
41 concerned a sworn statement, on a form to be provided by the director of  
42 taxation, that all purchases so made were entitled to exemption under this  
43 subsection. All invoices shall be held by the contractor for a period of five

1 years and shall be subject to audit by the director of taxation. If any  
2 materials purchased under such a certificate are found not to have been  
3 incorporated in such facilities or not to have been returned for credit or the  
4 sales or compensating tax otherwise imposed upon such materials that will  
5 not be so incorporated in such facilities reported and paid by such  
6 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
7 following the close of the month in which it shall be determined that such  
8 materials will not be used for the purpose for which such certificate was  
9 issued, such organization concerned shall be liable for tax on all materials  
10 purchased for the project, and upon payment thereof it may recover the  
11 same from the contractor together with reasonable attorney fees. Any  
12 contractor or any agent, employee or subcontractor thereof, who purchased  
13 under such a certificate for any purpose other than that for which such a  
14 certificate is issued without the payment of the sales or compensating tax  
15 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
16 and, upon conviction therefor, shall be subject to the penalties provided for  
17 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
18 subsection shall expire and have no effect on and after July 1, 2019;

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

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

32 (oooo) all sales of tangible personal property or services purchased  
33 for the purpose of and in conjunction with constructing, reconstructing,  
34 enlarging or remodeling a qualified business facility by a qualified firm or  
35 qualified supplier that meets the requirements established in K.S.A. 2023  
36 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has  
37 been approved for a project exemption certificate by the secretary of  
38 commerce, and the sale and installation of machinery and equipment  
39 purchased by such qualified firm or qualified supplier for installation at  
40 any such qualified business facility. When a person shall contract for the  
41 construction, reconstruction, enlargement or remodeling of any such  
42 qualified business facility, such person shall obtain from the state and  
43 furnish to the contractor an exemption certificate for the project involved,

1 and the contractor may purchase materials, machinery and equipment for  
2 incorporation in such project. The contractor shall furnish the number of  
3 such certificates to all suppliers from whom such purchases are made, and  
4 such suppliers shall execute invoices covering the same bearing the  
5 number of such certificate. Upon completion of the project, the contractor  
6 shall furnish to the owner of the qualified firm or qualified supplier a  
7 sworn statement, on a form to be provided by the director of taxation, that  
8 all purchases so made were entitled to exemption under this subsection.  
9 All invoices shall be held by the contractor for a period of five years and  
10 shall be subject to audit by the director of taxation. Any contractor or any  
11 agent, employee or subcontractor thereof who shall use or otherwise  
12 dispose of any materials, machinery or equipment purchased under such a  
13 certificate for any purpose other than that for which such a certificate is  
14 issued without the payment of the sales or compensating tax otherwise  
15 imposed thereon, shall be guilty of a misdemeanor and, upon conviction  
16 therefor, shall be subject to the penalties provided for in K.S.A. 79-  
17 3615(h), and amendments thereto. As used in this subsection, "qualified  
18 business facility," "qualified firm" and "qualified supplier" mean the same  
19 as defined in K.S.A. 2023 Supp. 74-50,311, and amendments thereto;

20 (pppp) (1) all sales of tangible personal property or services  
21 purchased by a not-for-profit corporation that is designated as an area  
22 agency on aging by the secretary for aging and disabilities services and is  
23 exempt from federal income taxation pursuant to section 501(c)(3) of the  
24 federal internal revenue code for the purpose of coordinating and  
25 providing seniors and those living with disabilities with services that  
26 promote person-centered care, including home-delivered meals,  
27 congregate meal settings, long-term case management, transportation,  
28 information, assistance and other preventative and intervention services to  
29 help service recipients remain in their homes and communities or for the  
30 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
31 enlarging, furnishing or remodeling facilities for such area agency on  
32 aging; and

33 (2) all sales of tangible personal property or services purchased by a  
34 contractor for the purpose of constructing, equipping, reconstructing,  
35 maintaining, repairing, enlarging, furnishing or remodeling facilities for an  
36 area agency on aging that would be exempt from taxation under the  
37 provisions of this section if purchased directly by such area agency on  
38 aging. Nothing in this paragraph shall be deemed to exempt the purchase  
39 of any construction machinery, equipment or tools used in the  
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
41 furnishing or remodeling facilities for an area agency on aging. When an  
42 area agency on aging contracts for the purpose of constructing, equipping,  
43 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling

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

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

35 (rrrr) *all sales of period products, diapers and incontinence products,*  
 36 *including disposable and reusable options. As used in this subsection:*

37 (1) *"Diapers" means absorbent garments worn by infants or toddlers*  
 38 *who are not toilet-trained or by individuals who are incapable of*  
 39 *controlling their bladder or bowel movements;*

40 (2) *"incontinence products" means products designed specifically for*  
 41 *hygiene matters related to urinary incontinence, including, but not limited*  
 42 *to, adult diapers; and*

43 (3) *"period products" or "menstrual products" means tampons, panty*

1 *liners, menstrual cups, sanitary napkins, and other similar tangible*  
2 *personal property designed for period hygiene in connection with the*  
3 *human menstrual cycle.*

4       Sec. 2. K.S.A. 2023 Supp. 79-3606 is hereby repealed.

5       Sec. 3. This act shall take effect and be in force from and after its  
6 publication in the statute book.