

SENATE BILL No. 252

By Committee on Assessment and Taxation

2-14

1 AN ACT concerning taxation; relating to property tax and sales tax
2 exemptions; providing a property tax exemption for certain business
3 property operated in competition with property owned or operated by a
4 government entity; providing a sales tax exemption for certain
5 businesses competing against governmental entities; amending K.S.A.
6 2022 Supp. 79-3606 and repealing the existing section.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. (a) The following described property, to the extent
10 herein specified, shall be and is hereby exempt from all property or ad
11 valorem taxes levied under the laws of the state of Kansas: For all taxable
12 years commencing after December 31, 2023, all real property owned and
13 operated by a business in the state of Kansas that is used by the business
14 for ~~ambulance service~~, child care center, entertainment, exercise, health
15 club, recreation or restaurant purposes and is located within a ~~county~~ **city**
16 where there is at least one facility owned or operated by a governmental
17 entity that competes against the business, ***such competing activity by the***
18 ***governmental entity began after the business started using the real***
19 ***property for qualifying purposes*** and such competing facility owned or
20 operated by a governmental entity is exempt from property or ad valorem
21 taxes levied under any laws of the state of Kansas.

22 (b) For purposes of this section:

23 (1) "Competes against the business" means offering the same or
24 substantially the same goods or services to the public and receiving any
25 payment for those goods or services. "Competes against the business" does
26 not include providing such goods or services without receiving payment
27 for those goods or services or providing such goods or services only to its
28 own employees or students.

29 (2) "Facility owned or operated by a governmental entity" means:

30 (A) any facility owned or operated by the state of Kansas or any
31 county, city, township, school district, community college, municipal
32 university, public university or any other taxing district or political
33 subdivision of the state that is supported with tax funds; ~~or~~

34 (B) ~~any other facility that receives any funds from property or ad~~
35 ~~valorem taxes levied by a taxing subdivision.~~

36 (3) "Real property owned and operated by a business" means any real

1 property where the owner of the real property is a business enterprise that
2 operates the business and collects the payment of a fee entitling the buyer
3 to use the facility or sells goods or services to the buyer and such owner of
4 the real property and operator of the business enterprise are the same
5 business entity, a parent or subsidiary of the same business entity or have
6 any direct or indirect common ownership.

7 Sec. 2. K.S.A. 2022 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
37 such items of personal property or service are used or proposed to be used
38 in such business;

39 (c) all sales of tangible personal property or services, including the
40 renting and leasing of tangible personal property, purchased directly by a
41 public or private elementary or secondary school or public or private
42 nonprofit educational institution and used primarily by such school or
43 institution for nonsectarian programs and activities provided or sponsored

1 by such school or institution or in the erection, repair or enlargement of
2 buildings to be used for such purposes. The exemption herein provided
3 shall not apply to erection, construction, repair, enlargement or equipment
4 of buildings used primarily for human habitation, except that such
5 exemption shall apply to the erection, construction, repair, enlargement or
6 equipment of buildings used for human habitation by the cerebral palsy
7 research foundation of Kansas located in Wichita, Kansas, and multi
8 community diversified services, incorporated, located in McPherson,
9 Kansas;

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

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

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

1 When the government of the United States, its agencies or
2 instrumentalities shall contract for the erection, repair, or enlargement of
3 any building or other project, it shall obtain from the state and furnish to
4 the contractor an exemption certificate for the project involved, and the
5 contractor may purchase materials for incorporation in such project. The
6 contractor shall furnish the number of such certificates to all suppliers
7 from whom such purchases are made, and such suppliers shall execute
8 invoices covering the same bearing the number of such certificate. Upon
9 completion of the project the contractor shall furnish to the government of
10 the United States, its agencies or instrumentalities concerned a sworn
11 statement, on a form to be provided by the director of taxation, that all
12 purchases so made were entitled to exemption under this subsection. As an
13 alternative to the foregoing procedure, any such contracting entity may
14 apply to the secretary of revenue for agent status for the sole purpose of
15 issuing and furnishing project exemption certificates to contractors
16 pursuant to rules and regulations adopted by the secretary establishing
17 conditions and standards for the granting and maintaining of such status.
18 All invoices shall be held by the contractor for a period of five years and
19 shall be subject to audit by the director of taxation. 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 (f) tangible personal property purchased by a railroad or public utility
28 for consumption or movement directly and immediately in interstate
29 commerce;

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

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

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

43 (j) meals served without charge or food used in the preparation of

1 such meals to employees of any restaurant, eating house, dining car, hotel,
2 drugstore or other place where meals or drinks are regularly sold to the
3 public if such employees' duties are related to the furnishing or sale of
4 such meals or drinks;

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

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

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

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

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

40 (p) all sales of drugs dispensed pursuant to a prescription order by a
41 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
42 1626, and amendments thereto. As used in this subsection, "drug" means a
43 compound, substance or preparation and any component of a compound,

1 substance or preparation, other than food and food ingredients, dietary
2 supplements or alcoholic beverages, recognized in the official United
3 States pharmacopeia, official homeopathic pharmacopoeia of the United
4 States or official national formulary, and supplement to any of them,
5 intended for use in the diagnosis, cure, mitigation, treatment or prevention
6 of disease or intended to affect the structure or any function of the body,
7 except that for taxable years commencing after December 31, 2013, this
8 subsection shall not apply to any sales of drugs used in the performance or
9 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
10 thereto;

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

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

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

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

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

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

43 (w) all sales of natural gas, electricity, heat and water delivered

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

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

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

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

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

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

32 (cc) all sales of tangible personal property or services purchased prior
33 to January 1, 2012, except as otherwise provided, for the purpose of and in
34 conjunction with constructing, reconstructing, enlarging or remodeling a
35 business or retail business that meets the requirements established in
36 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
37 machinery and equipment purchased for installation at any such business
38 or retail business, and all sales of tangible personal property or services
39 purchased on or after January 1, 2012, for the purpose of and in
40 conjunction with constructing, reconstructing, enlarging or remodeling a
41 business that meets the requirements established in K.S.A. 74-50,115(e),
42 and amendments thereto, and the sale and installation of machinery and
43 equipment purchased for installation at any such business. When a person

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

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

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

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

42 (gg) all sales of tangible personal property purchased in accordance
43 with vouchers issued pursuant to the federal special supplemental food

1 program for women, infants and children;

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

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

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

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

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

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

43 (2) For purposes of this subsection:

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

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

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

25 (D) "manufacturing or processing business" means a business that
26 utilizes an integrated production operation to manufacture, process,
27 fabricate, finish or assemble items for wholesale and retail distribution as
28 part of what is commonly regarded by the general public as an industrial
29 manufacturing or processing operation or an agricultural commodity
30 processing operation. (i) Industrial manufacturing or processing operations
31 include, by way of illustration but not of limitation, the fabrication of
32 automobiles, airplanes, machinery or transportation equipment, the
33 fabrication of metal, plastic, wood or paper products, electricity power
34 generation, water treatment, petroleum refining, chemical production,
35 wholesale bottling, newspaper printing, ready mixed concrete production,
36 and the remanufacturing of used parts for wholesale or retail sale. Such
37 processing operations shall include operations at an oil well, gas well,
38 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
39 sand or gravel that has been extracted from the earth is cleaned, separated,
40 crushed, ground, milled, screened, washed or otherwise treated or prepared
41 before its transmission to a refinery or before any other wholesale or retail
42 distribution. (ii) Agricultural commodity processing operations include, by
43 way of illustration but not of limitation, meat packing, poultry slaughtering

1 and dressing, processing and packaging farm and dairy products in sealed
2 containers for wholesale and retail distribution, feed grinding, grain
3 milling, frozen food processing, and grain handling, cleaning, blending,
4 fumigation, drying and aeration operations engaged in by grain elevators
5 or other grain storage facilities. (iii) Manufacturing or processing
6 businesses do not include, by way of illustration but not of limitation,
7 nonindustrial businesses whose operations are primarily retail and that
8 produce or process tangible personal property as an incidental part of
9 conducting the retail business, such as retailers who bake, cook or prepare
10 food products in the regular course of their retail trade, grocery stores,
11 meat lockers and meat markets that butcher or dress livestock or poultry in
12 the regular course of their retail trade, contractors who alter, service, repair
13 or improve real property, and retail businesses that clean, service or
14 refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (F) all machinery and equipment used in surface mining activities as
2 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
3 from the time a reclamation plan is filed to the acceptance of the
4 completed final site reclamation.

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

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

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

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

20 (D) office machines and equipment including computers and related
21 peripheral equipment not used directly and primarily to control or measure
22 the manufacturing process;

23 (E) furniture and other furnishings;

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

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

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

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

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

37 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings
38 of the machinery and equipment that qualify or do not qualify as an
39 integral or essential part of an integrated production operation. When
40 machinery or equipment is used as an integral or essential part of
41 production operations part of the time and for nonproduction purposes at
42 other times, the primary use of the machinery or equipment shall
43 determine whether or not such machinery or equipment qualifies for

1 exemption.

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

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

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

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

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

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

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

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

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

41 (tt) all sales of tangible personal property and services purchased by
42 or on behalf of a not-for-profit corporation that is exempt from federal
43 income taxation pursuant to section 501(c)(3) of the federal internal

1 revenue code of 1986, for the sole purpose of constructing a Kansas
2 Korean War memorial;

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

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

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

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

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

21 (4) the American diabetes association Kansas affiliate, inc. for the
22 purpose of eliminating diabetes through medical research, public education
23 focusing on disease prevention and education, patient education including
24 information on coping with diabetes, and professional education and
25 training;

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

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

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

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

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

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

4 (11) the spina bifida association of Kansas for the purpose of
5 providing financial, educational and practical aid to families and
6 individuals with spina bifida. Such aid includes, but is not limited to,
7 funding for medical devices, counseling and medical educational
8 opportunities;

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

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

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

19 (15) the KSDS, Inc., for the purpose of promoting the independence
20 and inclusion of people with disabilities as fully participating and
21 contributing members of their communities and society through the
22 training and providing of guide and service dogs to people with
23 disabilities, and providing disability education and awareness to the
24 general public;

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

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

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

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

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

42 (21) the American cancer society, inc., for the purpose of eliminating
43 cancer as a major health problem by preventing cancer, saving lives and

1 diminishing suffering from cancer, through research, education, advocacy
2 and service;

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

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

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

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

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

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

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

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

27 (aaa) all sales of tangible personal property and services purchased by
28 a religious organization that is exempt from federal income taxation
29 pursuant to section 501(c)(3) of the federal internal revenue code, and used
30 exclusively for religious purposes, and all sales of tangible personal
31 property or services purchased by a contractor for the purpose of
32 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
33 furnishing or remodeling facilities for any such organization that would be
34 exempt from taxation under the provisions of this section if purchased
35 directly by such organization. Nothing in this subsection shall be deemed
36 to exempt the purchase of any construction machinery, equipment or tools
37 used in the constructing, equipping, reconstructing, maintaining, repairing,
38 enlarging, furnishing or remodeling facilities for any such organization.
39 When any such organization shall contract for the purpose of constructing,
40 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
41 remodeling facilities, it shall obtain from the state and furnish to the
42 contractor an exemption certificate for the project involved, and the
43 contractor may purchase materials for incorporation in such project. The

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

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

42 (ccc) on and after July 1, 1999, all sales of tangible personal property
43 and services purchased by a primary care clinic or health center the

1 primary purpose of which is to provide services to medically underserved
2 individuals and families, and that is exempt from federal income taxation
3 pursuant to section 501(c)(3) of the federal internal revenue code, and all
4 sales of tangible personal property or services purchased by a contractor
5 for the purpose of constructing, equipping, reconstructing, maintaining,
6 repairing, enlarging, furnishing or remodeling facilities for any such clinic
7 or center that would be exempt from taxation under the provisions of this
8 section if purchased directly by such clinic or center, except that for
9 taxable years commencing after December 31, 2013, this subsection shall
10 not apply to any sales of such tangible personal property and services
11 purchased by a primary care clinic or health center which performs any
12 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
13 in this subsection shall be deemed to exempt the purchase of any
14 construction machinery, equipment or tools used in the constructing,
15 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
16 remodeling facilities for any such clinic or center. When any such clinic or
17 center shall contract for the purpose of constructing, equipping,
18 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
19 facilities, it shall obtain from the state and furnish to the contractor an
20 exemption certificate for the project involved, and the contractor may
21 purchase materials for incorporation in such project. The contractor shall
22 furnish the number of such certificate to all suppliers from whom such
23 purchases are made, and such suppliers shall execute invoices covering the
24 same bearing the number of such certificate. Upon completion of the
25 project the contractor shall furnish to such clinic or center concerned a
26 sworn statement, on a form to be provided by the director of taxation, that
27 all purchases so made were entitled to exemption under this subsection.
28 All invoices shall be held by the contractor for a period of five years and
29 shall be subject to audit by the director of taxation. If any materials
30 purchased under such a certificate are found not to have been incorporated
31 in the building or other project or not to have been returned for credit or
32 the sales or compensating tax otherwise imposed upon such materials that
33 will not be so incorporated in the building or other project reported and
34 paid by such contractor to the director of taxation not later than the 20th
35 day of the month following the close of the month in which it shall be
36 determined that such materials will not be used for the purpose for which
37 such certificate was issued, such clinic or center concerned shall be liable
38 for tax on all materials purchased for the project, and upon payment
39 thereof it may recover the same from the contractor together with
40 reasonable attorney fees. Any contractor or any agent, employee or
41 subcontractor thereof, who shall use or otherwise dispose of any materials
42 purchased under such a certificate for any purpose other than that for
43 which such a certificate is issued without the payment of the sales or

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

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

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

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

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

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

43 (iii) all sales of personal property and services purchased by an

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

1 certificate is issued without the payment of the sales or compensating tax
2 otherwise imposed upon such materials, shall be guilty of a misdemeanor
3 and, upon conviction therefor, shall be subject to the penalties provided for
4 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
5 July 1, 2005, but prior to the effective date of this act upon the gross
6 receipts received from any sale exempted by the amendatory provisions of
7 this subsection shall be refunded. Each claim for a sales tax refund shall be
8 verified and submitted to the director of taxation upon forms furnished by
9 the director and shall be accompanied by any additional documentation
10 required by the director. The director shall review each claim and shall
11 refund that amount of sales tax paid as determined under the provisions of
12 this subsection. All refunds shall be paid from the sales tax refund fund
13 upon warrants of the director of accounts and reports pursuant to vouchers
14 approved by the director or the director's designee;

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

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

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

1 behalf of such organization for such purpose;

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

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

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

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

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

20 (rrr) all sales of tangible personal property and services purchased by
21 any county law library maintained pursuant to law and sales of tangible
22 personal property and services purchased by an organization that would
23 have been exempt from taxation under the provisions of this subsection if
24 purchased directly by the county law library for the purpose of providing
25 legal resources to attorneys, judges, students and the general public, and
26 all sales of any such property by or on behalf of any such county law
27 library;

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

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

32 (ttt) all sales of tangible personal property or services purchased by a
33 contractor for a project for the purpose of restoring, constructing,
34 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
35 remodeling a home or facility owned by a nonprofit museum that has been
36 granted an exemption pursuant to subsection (qq), which such home or
37 facility is located in a city that has been designated as a qualified
38 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
39 amendments thereto, and which such project is related to the purposes of
40 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
41 exempt from taxation under the provisions of this section if purchased
42 directly by such nonprofit museum. Nothing in this subsection shall be
43 deemed to exempt the purchase of any construction machinery, equipment

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

34 (uuu) all sales of tangible personal property and services purchased
35 by Kansas children's service league, hereinafter referred to as KCSL,
36 which is exempt from federal income taxation pursuant to section 501(c)
37 (3) of the federal internal revenue code of 1986, and which such property
38 and services are used for the purpose of providing for the prevention and
39 treatment of child abuse and maltreatment as well as meeting additional
40 critical needs for children, juveniles and family, and all sales of any such
41 property by or on behalf of KCSL for any such purpose; and all sales of
42 tangible personal property or services purchased by a contractor for the
43 purpose of constructing, maintaining, repairing, enlarging, furnishing or

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

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

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

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

1 the contractor together with reasonable attorney fees. Any contractor or
2 any agent, employee or subcontractor thereof, who shall use or otherwise
3 dispose of any materials purchased under such a certificate for any purpose
4 other than that for which such a certificate is issued without the payment
5 of the sales or compensating tax otherwise imposed upon such materials,
6 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
7 subject to the penalties provided for in K.S.A. 79-3615(h), and
8 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
9 to the effective date of this act upon the gross receipts received from any
10 sale which would have been exempted by the provisions of this subsection
11 had such sale occurred after the effective date of this act shall be refunded.
12 Each claim for a sales tax refund shall be verified and submitted to the
13 director of taxation upon forms furnished by the director and shall be
14 accompanied by any additional documentation required by the director.
15 The director shall review each claim and shall refund that amount of sales
16 tax paid as determined under the provisions of this subsection. All refunds
17 shall be paid from the sales tax refund fund upon warrants of the director
18 of accounts and reports pursuant to vouchers approved by the director or
19 the director's designee;

20 (yyy) all sales of tangible personal property and services purchased
21 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
22 which is exempt from federal income taxation pursuant to section 501(c)
23 (3) of the federal internal revenue code of 1986, and which such property
24 and services are used for the purpose of encouraging private philanthropy
25 to further the vision, values, and goals of TLC for children and families,
26 inc.; and all sales of such property and services by or on behalf of TLC
27 charities for any such purpose and all sales of tangible personal property or
28 services purchased by a contractor for the purpose of constructing,
29 maintaining, repairing, enlarging, furnishing or remodeling facilities for
30 the operation of services for TLC charities for any such purpose that would
31 be exempt from taxation under the provisions of this section if purchased
32 directly by TLC charities. Nothing in this subsection shall be deemed to
33 exempt the purchase of any construction machinery, equipment or tools
34 used in the constructing, maintaining, repairing, enlarging, furnishing or
35 remodeling such facilities for TLC charities. When TLC charities contracts
36 for the purpose of constructing, maintaining, repairing, enlarging,
37 furnishing or remodeling such facilities, it shall obtain from the state and
38 furnish to the contractor an exemption certificate for the project involved,
39 and the contractor may purchase materials for incorporation in such
40 project. The contractor shall furnish the number of such certificate to all
41 suppliers from whom such purchases are made, and such suppliers shall
42 execute invoices covering the same bearing the number of such certificate.
43 Upon completion of the project the contractor shall furnish to TLC

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

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

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

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

38 (cccc) all sales of tangible personal property or services purchased by
39 or on behalf of wayside waifs, inc., which is exempt from federal income
40 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
41 for the purpose of providing such organization's annual fundraiser, an
42 event whose purpose is to support the care of homeless and abandoned
43 animals, animal adoption efforts, education programs for children and

1 efforts to reduce animal over-population and animal welfare services, and
2 all sales of any such property, including entry or participation fees or
3 charges, by or on behalf of such organization for such purpose;

4 (dddd) all sales of tangible personal property or services purchased
5 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
6 of which are exempt from federal income taxation pursuant to section
7 501(c)(3) of the federal internal revenue code, for the purpose of providing
8 education, training and employment opportunities for people with
9 disabilities and other barriers to employment;

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

17 (ffff) all sales of tangible personal property and services purchased by
18 sheltered living, inc., which is exempt from federal income taxation
19 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
20 and which such property and services are used for the purpose of
21 providing residential and day services for people with developmental
22 disabilities or intellectual disability, or both, and all sales of any such
23 property by or on behalf of sheltered living, inc., for any such purpose; and
24 all sales of tangible personal property or services purchased by a
25 contractor for the purpose of rehabilitating, constructing, maintaining,
26 repairing, enlarging, furnishing or remodeling homes and facilities for
27 sheltered living, inc., for any such purpose that would be exempt from
28 taxation under the provisions of this section if purchased directly by
29 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
30 the purchase of any construction machinery, equipment or tools used in the
31 constructing, maintaining, repairing, enlarging, furnishing or remodeling
32 such homes and facilities for sheltered living, inc. When sheltered living,
33 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
34 repairing, enlarging, furnishing or remodeling such homes and facilities, it
35 shall obtain from the state and furnish to the contractor an exemption
36 certificate for the project involved, and the contractor may purchase
37 materials for incorporation in such project. The contractor shall furnish the
38 number of such certificate to all suppliers from whom such purchases are
39 made, and such suppliers shall execute invoices covering the same bearing
40 the number of such certificate. Upon completion of the project the
41 contractor shall furnish to sheltered living, inc., a sworn statement, on a
42 form to be provided by the director of taxation, that all purchases so made
43 were entitled to exemption under this subsection. All invoices shall be held

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

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

22 (hhhh) all sales of tangible personal property or services purchased
23 on or after July 1, 2014, for the purpose of and in conjunction with
24 constructing, reconstructing, enlarging or remodeling a business identified
25 under the North American industry classification system (NAICS)
26 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
27 installation of machinery and equipment purchased for installation at any
28 such business. The exemption provided in this subsection shall not apply
29 to projects that have actual total costs less than \$50,000. When a person
30 contracts for the construction, reconstruction, enlargement or remodeling
31 of any such business, such person shall obtain from the state and furnish to
32 the contractor an exemption certificate for the project involved, and the
33 contractor may purchase materials, machinery and equipment for
34 incorporation in such project. The contractor shall furnish the number of
35 such certificates to all suppliers from whom such purchases are made, and
36 such suppliers shall execute invoices covering the same bearing the
37 number of such certificate. Upon completion of the project, the contractor
38 shall furnish to the owner of the business a sworn statement, on a form to
39 be provided by the director of taxation, that all purchases so made were
40 entitled to exemption under this subsection. All invoices shall be held by
41 the contractor for a period of five years and shall be subject to audit by the
42 director of taxation. Any contractor or any agent, employee or
43 subcontractor of the contractor, who shall use or otherwise dispose of any

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

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

1 provided for in K.S.A. 79-3615(h), and amendments thereto;

2 (jjjj) all sales of tangible personal property or services purchased by
3 or on behalf of the beacon, inc., that 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 those desiring help with food, shelter, clothing
6 and other necessities of life during times of special need;

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

14 (llll) all sales of tangible personal property and services purchased by
15 Gove county healthcare endowment foundation, inc., which is exempt
16 from federal income taxation pursuant to section 501(c)(3) of the federal
17 internal revenue code of 1986, and which such property and services are
18 used for the purpose of constructing and equipping an airport in Quinter,
19 Kansas, and all sales of tangible personal property or services purchased
20 by a contractor for the purpose of constructing and equipping an airport in
21 Quinter, Kansas, for such organization, that would be exempt from
22 taxation under the provisions of this section if purchased directly by such
23 organization. Nothing in this subsection shall be deemed to exempt the
24 purchase of any construction machinery, equipment or tools used in the
25 constructing or equipping of facilities for such organization. When such
26 organization shall contract for the purpose of constructing or equipping an
27 airport in Quinter, Kansas, 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 no later than the 20th day of the month
43 following the close of the month in which it shall be determined that such

1 materials will not be used for the purpose for which such certificate was
2 issued, such organization concerned shall be liable for tax on all materials
3 purchased for the project, and upon payment thereof it may recover the
4 same from the contractor together with reasonable attorney fees. Any
5 contractor or any agent, employee or subcontractor thereof, who purchased
6 under such a certificate for any purpose other than that for which such a
7 certificate is issued without the payment of the sales or compensating tax
8 otherwise imposed upon such materials, shall be guilty of a misdemeanor
9 and, upon conviction therefor, shall be subject to the penalties provided for
10 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
11 subsection shall expire and have no effect on and after July 1, 2019;

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

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

25 (oooo) all sales of tangible personal property or services purchased
26 for the purpose of and in conjunction with constructing, reconstructing,
27 enlarging or remodeling a qualified business facility by a qualified firm or
28 qualified supplier that meets the requirements established in K.S.A. 2022
29 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
30 been approved for a project exemption certificate by the secretary of
31 commerce, and the sale and installation of machinery and equipment
32 purchased by such qualified firm or qualified supplier for installation at
33 any such qualified business facility. When a person shall contract for the
34 construction, reconstruction, enlargement or remodeling of any such
35 qualified business facility, such person shall obtain from the state and
36 furnish to the contractor an exemption certificate for the project involved,
37 and the contractor may purchase materials, machinery and equipment for
38 incorporation in such project. The contractor shall furnish the number of
39 such certificates to all suppliers from whom such purchases are made, and
40 such suppliers shall execute invoices covering the same bearing the
41 number of such certificate. Upon completion of the project, the contractor
42 shall furnish to the owner of the qualified firm or qualified supplier a
43 sworn statement, on a form to be provided by the director of taxation, that

1 all purchases so made were entitled to exemption under this subsection.
2 All invoices shall be held by the contractor for a period of five years and
3 shall be subject to audit by the director of taxation. Any contractor or any
4 agent, employee or subcontractor thereof who shall use or otherwise
5 dispose of any materials, machinery or equipment purchased under such a
6 certificate for any purpose other than that for which such a certificate is
7 issued without the payment of the sales or compensating tax otherwise
8 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
9 therefor, shall be subject to the penalties provided for in K.S.A. 79-
10 3615(h), and amendments thereto. As used in this subsection, "qualified
11 business facility," "qualified firm" and "qualified supplier" mean the same
12 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto; *and*
13 *(pppp) all sales of tangible personal property or services purchased*
14 *by a business that owns and operates real property in the state of Kansas*
15 *that is used by the business for*~~ambulance service~~*, child care center,*
16 *entertainment, exercise, health club, recreation or restaurant purposes and*
17 *is located within a*~~county~~ *city where there is at least one facility owned or*
18 *operated by a governmental entity that competes against the business,*
19 ***such competing activity by the governmental entity began after the***
20 ***business started using the real property for qualifying purposes and such***
21 ***competing facility owned or operated by a governmental entity is exempt***
22 ***from property or ad valorem taxes levied under any laws of the state of***
23 ***Kansas and such property or services are used for***~~ambulance service~~***,***
24 ***child care center, entertainment, exercise, health club, recreation or***
25 ***restaurant purposes; and all sales of tangible personal property or***
26 ***services by such business at or from such real property location for***
27 ~~ambulance service~~***, child care center, entertainment, exercise, health club,***
28 ***recreation or restaurant purposes. The business shall apply to and obtain***
29 ***from the secretary of revenue an exemption certificate for its purchases***
30 ***and sales of tangible personal property or services pursuant to this***
31 ***subsection prior to claiming such exemption. The secretary shall prescribe***
32 ***the application form, and the business shall provide with the application***
33 ***information sufficient to establish that such business qualifies for the sales***
34 ***tax exemption. As used in this subsection, "competes against the business"***
35 ***and "facility owned or operated by a governmental entity " mean the same***
36 ***as defined in section 1, and amendments thereto. A "business that owns***
37 ***and operates real property" means a business enterprise where the owner***
38 ***of the real property operates the business and collects the payment of a fee***
39 ***entitling the buyer to use the facility or sells goods or services to the buyer***
40 ***and such owner of the real property and operator of the business***
41 ***enterprise are the same business entity, a parent or subsidiary of the same***
42 ***business entity or have any direct or indirect common ownership.***

43 Sec. 3. K.S.A. 2022 Supp. 79-3606 is hereby repealed.

1 Sec. 4. This act shall take effect and be in force from and after its
2 publication in the statute book.