

*{As Amended by Senate Committee of the Whole}*

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*As Amended by Senate Committee*

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**{As Amended by House Committee of the Whole}**

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*Session of 2014*

## **HOUSE BILL No. 2557**

By Committee on Taxation

1-31

1 AN ACT concerning income taxation; relating to **{income tax,}** penalties  
2 for certain taxpayers who file incorrect returns; ~~**{sales tax, refunds for**~~  
3 ~~**taxes paid on textbooks and certain income modifications;}** **{sales**~~  
4 ~~**tax exemptions;}** amending K.S.A. 2013 Supp. 79-3228 ~~**and {,}79-**~~  
5 ~~**32,117 {and 79-3606}**~~ and repealing the existing ~~**section sections.**~~~~

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

8 Section 1. K.S.A. 2013 Supp. 79-3228 is hereby amended to read as  
9 follows: 79-3228. (a) For all taxable years ending prior to January 1, 2002,  
10 if any taxpayer, without intent to evade the tax imposed by this act, shall  
11 fail to file a return or pay the tax, if one is due, at the time required by or  
12 under the provisions of this act, but shall voluntarily file a correct return of  
13 income or pay the tax due within six months thereafter, there shall be  
14 added to the tax an additional amount equal to 10% of the unpaid balance  
15 of tax due plus interest at the rate prescribed by subsection (a) of K.S.A.  
16 79-2968, and amendments thereto, from the date the tax was due until  
17 paid.

18 (b) For all taxable years ending prior to January 1, 2002, if any  
19 taxpayer fails voluntarily to file a return or pay the tax, if one is due,  
20 within six months after the time required by or under the provisions of this  
21 act, there shall be added to the tax an additional amount equal to 25% of  
22 the unpaid balance of tax due plus interest at the rate prescribed by  
23 subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date  
24 the tax was due until paid. Notwithstanding the foregoing, in the event an  
25 assessment is issued following a field audit for any period for which a  
26 return was filed by the taxpayer and all of the tax was paid pursuant to  
27 such return, a penalty shall be imposed for the period included in the  
28 assessment in the amount of 10% of the unpaid balance of tax due shown  
29 in the notice of assessment. If after review of a return for any period  
30 included in the assessment, the secretary or secretary's designee  
31 determines that the underpayment of tax was due to the failure of the  
32 taxpayer to make a reasonable attempt to comply with the provisions of

1 this act, such penalty shall be imposed for the period included in the  
2 assessment in the amount of 25% of the unpaid balance of tax due.

3 (c) For all taxable years ending after December 31, 2001, if any  
4 taxpayer fails to file a return or pay the tax if one is due, at the time  
5 required by or under the provisions of this act, there shall be added to the  
6 tax an additional amount equal to 1% of the unpaid balance of the tax due  
7 for each month or fraction thereof during which such failure continues, not  
8 exceeding 24% in the aggregate, plus interest at the rate prescribed by  
9 subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date  
10 the tax was due until paid. Notwithstanding the foregoing, in the event an  
11 assessment is issued following a field audit for any period for which a  
12 return was filed by the taxpayer and all of the tax was paid pursuant to  
13 such return, a penalty shall be imposed for the period included in the  
14 assessment in an amount of 1% per month not exceeding 10% of the  
15 unpaid balance of tax due shown in the notice of assessment. If after  
16 review of a return for any period included in the assessment, the secretary  
17 or secretary's designee determines that the underpayment of tax was due to  
18 the failure of the taxpayer to make a reasonable attempt to comply with the  
19 provisions of this act, such penalty shall be imposed for the period  
20 included in the assessment in the amount of 25% of the unpaid balance of  
21 tax due.

22 (d) *For all taxable years ending after December 31, 2013, if any*  
23 *taxpayer who has failed to file a return or has filed an incorrect or*  
24 *insufficient return, and after notice from the director refuses or neglects*  
25 *within 20 days to file a proper return, the director shall determine the*  
26 *income of such taxpayer according to the best available information and*  
27 *assess the tax together with a penalty of 50% of the unpaid balance of tax*  
28 *due plus interest at the rate prescribed by subsection (a) of K.S.A. 79-*  
29 *2968, and amendments thereto, from the date the tax was originally due to*  
30 *the date of payment. If, at any time, a taxpayer filed a return and paid in*  
31 *full the tax due as stated on the return, at the time required by or under the*  
32 *provisions of this act and subsequently is adjusted by the director, and a*  
33 *notice of liability is sent to the taxpayer, no penalty shall be assessed*  
34 *under the provisions of this subsection with respect to any underpayment*  
35 *of income tax liability due to the adjustment if any such tax is paid within*  
36 *30 days of such notice of liability. If any such tax is not paid within 30*  
37 *days of original notice, the penalty provided under the provisions of this*  
38 *subsection shall apply.*

39 (e) Any person, who with fraudulent intent, fails to pay any tax or to  
40 make, render or sign any return, or to supply any information, within the  
41 time required by or under the provisions of this act, shall be assessed a  
42 penalty equal to the amount of the unpaid balance of tax due plus interest  
43 at the rate prescribed by subsection (a) of K.S.A. 79-2968, and

1 amendments thereto, from the date the tax was originally due to the date of  
2 payment. Such person shall also be guilty of a misdemeanor and shall,  
3 upon conviction, be fined not more than \$1,000 or be imprisoned in the  
4 county jail not less than 30 days nor more than one year, or both such fine  
5 and imprisonment.

6 (f) Any person who willfully signs a fraudulent return shall be guilty  
7 of a felony, and upon conviction thereof shall be punished by  
8 imprisonment for a term not exceeding five years. The term "person" as  
9 used in this section includes any agent of the taxpayer, and officer or  
10 employee of a corporation or a member or employee of a partnership, who  
11 as such officer, employee or member is under a duty to perform the act in  
12 respect of which the violation occurs.

13 (g) (1) Whenever the secretary or the secretary's designee determines  
14 that the failure of the taxpayer to comply with the provisions of  
15 subsections (a), (b), (c) and (d) of this section was due to reasonable  
16 causes, the secretary or the secretary's designee may waive or reduce any  
17 of the penalties and may reduce the interest rate to the underpayment rate  
18 prescribed and determined for the applicable period under section 6621 of  
19 the federal internal revenue code as in effect on January 1, 1994, upon  
20 making a record of the reasons therefor.

21 (2) No penalty shall be assessed hereunder with respect to any  
22 underpayment of income tax liability reported on any amended return filed  
23 by any taxpayer who at the time of filing pays such underpayment and  
24 whose return is not being examined at the time of filing.

25 (3) No penalty assessed hereunder shall be collected if the taxpayer  
26 has had the tax abated on appeal, and any penalty collected upon such tax  
27 shall be refunded.

28 (h) In case of a nonresident or any officer or employee of a  
29 corporation, the failure to do any act required by or under the provisions of  
30 this act shall be deemed an act committed in part at the office of the  
31 director.

32 (i) In the case of a nonresident individual, partnership or corporation,  
33 the failure to do any act required by or under the provision of this act shall  
34 prohibit such nonresident from being awarded any contract for  
35 construction, reconstruction or maintenance or for the sale of materials and  
36 supplies to the state of Kansas or any political subdivision thereof until  
37 such time as such nonresident has fully complied with this act.

38 ~~(New Sec. 2. Sales tax paid on and after July 1, 2014, on the gross~~  
39 ~~receipts received from the sale of required textbooks purchased in~~  
40 ~~Kansas by a student enrolled in a postsecondary educational~~  
41 ~~institution in this state shall be refunded. Each claim for a sales tax~~  
42 ~~refund shall be verified and submitted to the director of taxation upon~~  
43 ~~forms furnished by the director and shall be accompanied by any~~

~~1 additional documentation required by the director. The director shall  
2 review each claim and shall refund that amount of sales tax paid as  
3 determined under the provisions of this section. All refunds shall be  
4 paid from the sales tax refund fund upon warrants of the director of  
5 accounts and reports pursuant to vouchers approved by the director  
6 or the director's designee. For the purposes of this section, }  
7 {"postsecondary educational institution" means any university,  
8 municipal university, community college and technical college,  
9 whether public or private}.~~

10 *Sec. 2. K.S.A. 2013 Supp. 79-32,117 is hereby amended to read as*  
11 *follows: 79-32,117. (a) The Kansas adjusted gross income of an*  
12 *individual means such individual's federal adjusted gross income for the*  
13 *taxable year, with the modifications specified in this section.*

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

15 *(i) Interest income less any related expenses directly incurred in the*  
16 *purchase of state or political subdivision obligations, to the extent that*  
17 *the same is not included in federal adjusted gross income, on obligations*  
18 *of any state or political subdivision thereof, but to the extent that interest*  
19 *income on obligations of this state or a political subdivision thereof*  
20 *issued prior to January 1, 1988, is specifically exempt from income tax*  
21 *under the laws of this state authorizing the issuance of such obligations,*  
22 *it shall be excluded from computation of Kansas adjusted gross income*  
23 *whether or not included in federal adjusted gross income. Interest*  
24 *income on obligations of this state or a political subdivision thereof*  
25 *issued after December 31, 1987, shall be excluded from computation of*  
26 *Kansas adjusted gross income whether or not included in federal*  
27 *adjusted gross income.*

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

35 *(iii) The federal net operating loss deduction.*

36 *(iv) Federal income tax refunds received by the taxpayer if the*  
37 *deduction of the taxes being refunded resulted in a tax benefit for*  
38 *Kansas income tax purposes during a prior taxable year. Such refunds*  
39 *shall be included in income in the year actually received regardless of*  
40 *the method of accounting used by the taxpayer. For purposes hereof, a*  
41 *tax benefit shall be deemed to have resulted if the amount of the tax had*  
42 *been deducted in determining income subject to a Kansas income tax for*  
43 *a prior year regardless of the rate of taxation applied in such prior year*

1 *to the Kansas taxable income, but only that portion of the refund shall*  
2 *be included as bears the same proportion to the total refund received as*  
3 *the federal taxes deducted in the year to which such refund is*  
4 *attributable bears to the total federal income taxes paid for such year.*  
5 *For purposes of the foregoing sentence, federal taxes shall be*  
6 *considered to have been deducted only to the extent such deduction does*  
7 *not reduce Kansas taxable income below zero.*

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

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

16 (vii) *The amount of any charitable contribution made to the extent*  
17 *the same is claimed as the basis for the credit allowed pursuant to K.S.A.*  
18 *79-32,196, and amendments thereto.*

19 (viii) *The amount of any costs incurred for improvements to a*  
20 *swine facility, claimed for deduction in determining federal adjusted*  
21 *gross income, to the extent the same is claimed as the basis for any*  
22 *credit allowed pursuant to K.S.A. 2013 Supp. 79-32,204, and*  
23 *amendments thereto.*

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

30 (x) *Amounts received as nonqualified withdrawals, as defined by*  
31 *K.S.A. 2013 Supp. 75-643, and amendments thereto, if, at the time of*  
32 *contribution to a family postsecondary education savings account, such*  
33 *amounts were subtracted from the federal adjusted gross income*  
34 *pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and*  
35 *amendments thereto, or if such amounts are not already included in the*  
36 *federal adjusted gross income.*

37 (xi) *The amount of any contribution made to the same extent the*  
38 *same is claimed as the basis for the credit allowed pursuant to K.S.A.*  
39 *2013 Supp. 74-50,154, and amendments thereto.*

40 (xii) *For taxable years commencing after December 31, 2004,*  
41 *amounts received as withdrawals not in accordance with the provisions*  
42 *of K.S.A. 2013 Supp. 74-50,204, and amendments thereto, if, at the time*  
43 *of contribution to an individual development account, such amounts*

1 *were subtracted from the federal adjusted gross income pursuant to*  
2 *paragraph (xiii) of subsection (c), or if such amounts are not already*  
3 *included in the federal adjusted gross income.*

4 *(xiii) The amount of any expenditures claimed for deduction in*  
5 *determining federal adjusted gross income, to the extent the same is*  
6 *claimed as the basis for any credit allowed pursuant to K.S.A. 2013*  
7 *Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments*  
8 *thereto.*

9 *(xiv) The amount of any amortization deduction claimed in*  
10 *determining federal adjusted gross income to the extent the same is*  
11 *claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,221, and*  
12 *amendments thereto.*

13 *(xv) The amount of any expenditures claimed for deduction in*  
14 *determining federal adjusted gross income, to the extent the same is*  
15 *claimed as the basis for any credit allowed pursuant to K.S.A. 2013*  
16 *Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-*  
17 *32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245*  
18 *through 79-32,248 or 79-32,251 through 79-32,254, and amendments*  
19 *thereto.*

20 *(xvi) The amount of any amortization deduction claimed in*  
21 *determining federal adjusted gross income to the extent the same is*  
22 *claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,227, 79-*  
23 *32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments*  
24 *thereto.*

25 *(xvii) The amount of any amortization deduction claimed in*  
26 *determining federal adjusted gross income to the extent the same is*  
27 *claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,256, and*  
28 *amendments thereto.*

29 *(xviii) For taxable years commencing after December 31, 2006, the*  
30 *amount of any ad valorem or property taxes and assessments paid to a*  
31 *state other than Kansas or local government located in a state other than*  
32 *Kansas by a taxpayer who resides in a state other than Kansas, when the*  
33 *law of such state does not allow a resident of Kansas who earns income*  
34 *in such other state to claim a deduction for ad valorem or property taxes*  
35 *or assessments paid to a political subdivision of the state of Kansas in*  
36 *determining taxable income for income tax purposes in such other state,*  
37 *to the extent that such taxes and assessments are claimed as an itemized*  
38 *deduction for federal income tax purposes.*

39 *(xix) For all taxable years beginning after December 31, 2012, the*  
40 *amount of any: (1) Loss from business as determined under the federal*  
41 *internal revenue code and reported from schedule C and on line 12 of the*  
42 *taxpayer's form 1040 federal individual income tax return; (2) loss from*  
43 *rental real estate, royalties, partnerships, S corporations, except those with*

1 wholly owned subsidiaries subject to the Kansas privilege tax, estates,  
2 trusts, residual interest in real estate mortgage investment conduits and net  
3 farm rental as determined under the federal internal revenue code and  
4 reported from schedule E and on line 17 of the taxpayer's form 1040  
5 federal individual income tax return; and (3) farm loss as determined under  
6 the federal internal revenue code and reported from schedule F and on line  
7 18 of the taxpayer's form 1040 federal income tax return; all to the extent  
8 deducted or subtracted in determining the taxpayer's federal adjusted gross  
9 income. For purposes of this subsection, references to the federal form  
10 1040 and federal schedule C, schedule E, and schedule F, shall be to such  
11 form and schedules as they existed for tax year 2011, and as revised  
12 thereafter by the internal revenue service *{For all taxable years beginning*  
13 *after December 31, 2012, the amount which exceeds \$25,000 or \$50,000*  
14 *for a married couple filing a joint return, of any: (1) Loss from business*  
15 *as determined under the federal internal revenue code and reported*  
16 *from schedule C and on line 12 of the taxpayer's form 1040 federal*  
17 *individual income tax return; (2) loss from rental real estate, royalties,*  
18 *partnerships, S corporations, except those with wholly owned*  
19 *subsidiaries subject to the Kansas privilege tax, estates, trusts, residual*  
20 *interest in real estate mortgage investment conduits and net farm rental*  
21 *as determined under the federal internal revenue code and reported*  
22 *from schedule E and on line 17 of the taxpayer's form 1040 federal*  
23 *individual income tax return; and (3) farm loss as determined under the*  
24 *federal internal revenue code and reported from schedule F and on line*  
25 *18 of the taxpayer's form 1040 federal income tax return; all to the*  
26 *extent deducted or subtracted in determining the taxpayer's federal*  
27 *adjusted gross income. For purposes of this subsection, references to the*  
28 *federal form 1040 and federal schedule C, schedule E, and schedule F,*  
29 *shall be to such form and schedules as they existed for tax year 2011,*  
30 *and as revised thereafter by the internal revenue service}.*

31 ~~(xx)~~—{(xx)} *For all taxable years beginning after December 31,*  
32 *2012, the amount of any deduction for self-employment taxes under*  
33 *section 164(f) of the federal internal revenue code as in effect on*  
34 *January 1, 2012, and amendments thereto, in determining the federal*  
35 *adjusted gross income of an individual taxpayer.*

36 ~~(xxi)(xx)~~ {(xxi)} *For all taxable years beginning after December 31,*  
37 *2012, the amount of any deduction for pension, profit sharing, and*  
38 *annuity plans of self-employed individuals under section 62(a)(6) of the*  
39 *federal internal revenue code as in effect on January 1, 2012, and*  
40 *amendments thereto, in determining the federal adjusted gross income*  
41 *of an individual taxpayer.*

42 ~~(xxii)(xxi)~~ {(xxii)} *For all taxable years beginning after December*  
43 *31, 2012, the amount of any deduction for health insurance under*

1 *section 162(l) of the federal internal revenue code as in effect on*  
2 *January 1, 2012, and amendments thereto, in determining the federal*  
3 *adjusted gross income of an individual taxpayer.*

4 ~~(xxiii)(xxiii)~~{(xxiii)} *For all taxable years beginning after December*  
5 *31, 2012, the amount of any deduction for domestic production activities*  
6 *under section 199 of the federal internal revenue code as in effect on*  
7 *January 1, 2012, and amendments thereto, in determining the federal*  
8 *adjusted gross income of an individual taxpayer.*

9 ~~(xxiv)(xxiii)~~{(xxiv)} *For taxable years commencing after December*  
10 *31, 2013, that portion of the amount of any expenditure deduction*  
11 *claimed in determining federal adjusted gross income for expenses paid*  
12 *for medical care of the taxpayer or the taxpayer's spouse or dependents*  
13 *when such expenses were paid or incurred for an abortion, or for a*  
14 *health benefit plan, as defined in K.S.A. 2013 Supp. 65-6731, and*  
15 *amendments thereto, for the purchase of an optional rider for coverage*  
16 *of abortion in accordance with K.S.A. 2013 Supp. 40-2,190, and*  
17 *amendments thereto, to the extent that such taxes and assessments are*  
18 *claimed as an itemized deduction for federal income tax purposes.*

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

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

32 *(i) Interest or dividend income on obligations or securities of any*  
33 *authority, commission or instrumentality of the United States and its*  
34 *possessions less any related expenses directly incurred in the purchase*  
35 *of such obligations or securities, to the extent included in federal*  
36 *adjusted gross income but exempt from state income taxes under the*  
37 *laws of the United States.*

38 *(ii) Any amounts received which are included in federal adjusted*  
39 *gross income but which are specifically exempt from Kansas income*  
40 *taxation under the laws of the state of Kansas.*

41 *(iii) The portion of any gain or loss from the sale or other*  
42 *disposition of property having a higher adjusted basis for Kansas income*  
43 *tax purposes than for federal income tax purposes on the date such*



1 *property was sold or disposed of in a transaction in which gain or loss*  
2 *was recognized for purposes of federal income tax that does not exceed*  
3 *such difference in basis, but if a gain is considered a long-term capital*  
4 *gain for federal income tax purposes, the modification shall be limited to*  
5 *that portion of such gain which is included in federal adjusted gross*  
6 *income.*

7 *(iv) The amount necessary to prevent the taxation under this act of*  
8 *any annuity or other amount of income or gain which was properly*  
9 *included in income or gain and was taxed under the laws of this state for*  
10 *a taxable year prior to the effective date of this act, as amended, to the*  
11 *taxpayer, or to a decedent by reason of whose death the taxpayer*  
12 *acquired the right to receive the income or gain, or to a trust or estate*  
13 *from which the taxpayer received the income or gain.*

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

18 *(vi) Accumulation distributions received by a taxpayer as a*  
19 *beneficiary of a trust to the extent that the same are included in federal*  
20 *adjusted gross income.*

21 *(vii) Amounts received as annuities under the federal civil service*  
22 *retirement system from the civil service retirement and disability fund*  
23 *and other amounts received as retirement benefits in whatever form*  
24 *which were earned for being employed by the federal government or for*  
25 *service in the armed forces of the United States.*

26 *(viii) Amounts received by retired railroad employees as a*  
27 *supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and*  
28 *228c (a)(1) et seq.*

29 *(ix) Amounts received by retired employees of a city and by retired*  
30 *employees of any board of such city as retirement allowances pursuant*  
31 *to K.S.A. 13-14,106, and amendments thereto, or pursuant to any*  
32 *charter ordinance exempting a city from the provisions of K.S.A. 13-*  
33 *14,106, and amendments thereto.*

34 *(x) For taxable years beginning after December 31, 1976, the*  
35 *amount of the federal tentative jobs tax credit disallowance under the*  
36 *provisions of 26 U.S.C. § 280 C. For taxable years ending after*  
37 *December 31, 1978, the amount of the targeted jobs tax credit and work*  
38 *incentive credit disallowances under 26 U.S.C. § 280 C.*

39 *(xi) For taxable years beginning after December 31, 1986, dividend*  
40 *income on stock issued by Kansas Venture Capital, Inc.*

41 *(xii) For taxable years beginning after December 31, 1989,*  
42 *amounts received by retired employees of a board of public utilities as*  
43 *pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a*

1 *and 13-1249, and amendments thereto.*

2 *(xiii) For taxable years beginning after December 31, 2004,*  
3 *amounts contributed to and the amount of income earned on*  
4 *contributions deposited to an individual development account under*  
5 *K.S.A. 2013 Supp. 74-50,201 et seq., and amendments thereto.*

6 *(xiv) For all taxable years commencing after December 31, 1996,*  
7 *that portion of any income of a bank organized under the laws of this*  
8 *state or any other state, a national banking association organized under*  
9 *the laws of the United States, an association organized under the savings*  
10 *and loan code of this state or any other state, or a federal savings*  
11 *association organized under the laws of the United States, for which an*  
12 *election as an S corporation under subchapter S of the federal internal*  
13 *revenue code is in effect, which accrues to the taxpayer who is a*  
14 *stockholder of such corporation and which is not distributed to the*  
15 *stockholders as dividends of the corporation. For all taxable years*  
16 *beginning after December 31, 2012, the amount of modification under*  
17 *this subsection shall exclude the portion of income or loss reported on*  
18 *schedule E and included on line 17 of the taxpayer's form 1040 federal*  
19 *individual income tax return.*

20 *(xv) For all taxable years beginning after December 31, 2006,*  
21 *amounts not exceeding \$3,000, or \$6,000 for a married couple filing a*  
22 *joint return, for each designated beneficiary which are contributed to a*  
23 *family postsecondary education savings account established under the*  
24 *Kansas postsecondary education savings program or a qualified tuition*  
25 *program established and maintained by another state or agency or*  
26 *instrumentality thereof pursuant to section 529 of the internal revenue*  
27 *code of 1986, as amended, for the purpose of paying the qualified higher*  
28 *education expenses of a designated beneficiary at an institution of*  
29 *postsecondary education. The terms and phrases used in this paragraph*  
30 *shall have the meaning respectively ascribed thereto by the provisions of*  
31 *K.S.A. 2013 Supp. 75-643, and amendments thereto, and the provisions*  
32 *of such section are hereby incorporated by reference for all purposes*  
33 *thereof.*

34 *(xvi) For all taxable years beginning after December 31, 2004,*  
35 *amounts received by taxpayers who are or were members of the armed*  
36 *forces of the United States, including service in the Kansas army and air*  
37 *national guard, as a recruitment, sign up or retention bonus received by*  
38 *such taxpayer as an incentive to join, enlist or remain in the armed*  
39 *services of the United States, including service in the Kansas army and*  
40 *air national guard, and amounts received for repayment of educational*  
41 *or student loans incurred by or obligated to such taxpayer and received*  
42 *by such taxpayer as a result of such taxpayer's service in the armed*  
43 *forces of the United States, including service in the Kansas army and air*

1 *national guard.*

2 *(xvii) For all taxable years beginning after December 31, 2004,*  
3 *amounts received by taxpayers who are eligible members of the Kansas*  
4 *army and air national guard as a reimbursement pursuant to K.S.A. 48-*  
5 *281, and amendments thereto, and amounts received for death benefits*  
6 *pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to*  
7 *section 1 or section 2 of chapter 207 of the 2005 Session Laws of*  
8 *Kansas, and amendments thereto, to the extent that such death benefits*  
9 *are included in federal adjusted gross income of the taxpayer.*

10 *(xviii) For the taxable year beginning after December 31, 2006,*  
11 *amounts received as benefits under the federal social security act which*  
12 *are included in federal adjusted gross income of a taxpayer with federal*  
13 *adjusted gross income of \$50,000 or less, whether such taxpayer's filing*  
14 *status is single, head of household, married filing separate or married*  
15 *filing jointly; and for all taxable years beginning after December 31,*  
16 *2007, amounts received as benefits under the federal social security act*  
17 *which are included in federal adjusted gross income of a taxpayer with*  
18 *federal adjusted gross income of \$75,000 or less, whether such*  
19 *taxpayer's filing status is single, head of household, married filing*  
20 *separate or married filing jointly.*

21 *(xix) Amounts received by retired employees of Washburn*  
22 *university as retirement and pension benefits under the university's*  
23 *retirement plan.*

24 *(xx) For all taxable years beginning after December 31, 2012, the*  
25 *amount of any: (1) Net profit from business as determined under the*  
26 *federal internal revenue code and reported from schedule C and on line*  
27 *12 of the taxpayer's form 1040 federal individual income tax return; (2)*  
28 *net income from rental real estate, royalties, partnerships, S*  
29 *corporations, estates, trusts, residual interest in real estate mortgage*  
30 *investment conduits and net farm rental as determined under the federal*  
31 *internal revenue code and reported from schedule E and on line 17 of*  
32 *the taxpayer's form 1040 federal individual income tax return; and (3)*  
33 *net farm profit as determined under the federal internal revenue code*  
34 *and reported from schedule F and on line 18 of the taxpayer's form*  
35 *1040 federal income tax return; all to the extent included in the*  
36 *taxpayer's federal adjusted gross income. For purposes of this*  
37 *subsection, references to the federal form 1040 and federal schedule C,*  
38 *schedule E, and schedule F, shall be to such form and schedules as they*  
39 *existed for tax year 2011 and as revised thereafter by the internal*  
40 *revenue service.*

41 *(d) There shall be added to or subtracted from federal adjusted*  
42 *gross income the taxpayer's share, as beneficiary of an estate or trust, of*  
43 *the Kansas fiduciary adjustment determined under K.S.A. 79-32,135,*

1 *and amendments thereto.*

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

7 *{Sec. 3. K.S.A. 2013 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*  
11 *sales or excise tax has been paid, not subject to refund, under the laws of*  
12 *this state except cigarettes as defined by K.S.A. 79-3301, and*  
13 *amendments thereto, cereal malt beverages and malt products as defined*  
14 *by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,*  
15 *malt syrup and malt extract, which is not subject to taxation under the*  
16 *provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles*  
17 *taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed*  
18 *pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and*  
19 *laundry services taxed pursuant to K.S.A. 65-34,150, and amendments*  
20 *thereto, and gross receipts from regulated sports contests taxed pursuant*  
21 *to the Kansas professional regulated sports act, and amendments*  
22 *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 or public hospital authority or nonprofit blood, tissue or organ*~~  
28 ~~*bank and used exclusively for state, political subdivision, hospital or*~~  
29 ~~*public hospital authority or nonprofit blood, tissue or organ bank purposes,*~~  
30 ~~*except when: (1) Such state, hospital or public hospital authority is*~~  
31 ~~*engaged or proposes to engage in any business specifically taxable under*~~  
32 ~~*the provisions of this act and such items of tangible personal property or*~~  
33 ~~*service are used or proposed to be used in such business; or (2) such*~~  
34 ~~*political subdivision is engaged or proposes to engage in the business of*~~  
35 ~~*furnishing gas, electricity or heat to others and such items of personal*~~  
36 ~~*property or service are used or proposed to be used in such business;*~~

37 *(b) all sales of tangible personal property or service, including the*  
38 *renting and leasing of tangible personal property, purchased directly by*  
39 *the state of Kansas, a political subdivision thereof, other than a school or*  
40 *educational institution, or purchased by a public or private nonprofit*  
41 *hospital or public hospital authority or nonprofit blood, tissue or organ*  
42 *bank and used exclusively for state, political subdivision, hospital or*  
43 *public hospital authority or nonprofit blood, tissue or organ bank*

1 *purposes, except when: (1) Such state, hospital or public hospital*  
2 *authority is engaged or proposes to engage in any business specifically*  
3 *taxable under the provisions of this act and such items of tangible*  
4 *personal property or service are used or proposed to be used in such*  
5 *business; (2) such political subdivision is engaged or proposes to engage*  
6 *in the business of furnishing gas, electricity or heat to others and such*  
7 *items of personal property or service are used or proposed to be used in*  
8 *such business; or (3) such political subdivison is a housing authority and*  
9 *provides housing for projects other than housing projects for persons of*  
10 *low income as described in K.S.A. 17-2339, and amendments thereto, and*  
11 *such items of personal property or services are used or proposed to be*  
12 *used in such business;*

13 ***(c) all sales of tangible personal property or services, including the***  
14 ***renting and leasing of tangible personal property, purchased directly by***  
15 ***a public or private elementary or secondary school or public or private***  
16 ***nonprofit educational institution and used primarily by such school or***  
17 ***institution for nonsectarian programs and activities provided or***  
18 ***sponsored by such school or institution or in the erection, repair or***  
19 ***enlargement of buildings to be used for such purposes. The exemption***  
20 ***herein provided shall not apply to erection, construction, repair,***  
21 ***enlargement or equipment of buildings used primarily for human***  
22 ***habitation;***

23 ~~(d) all sales of tangible personal property or services purchased by a~~  
24 ~~contractor for the purpose of constructing, equipping, reconstructing,~~  
25 ~~maintaining, repairing, enlarging, furnishing or remodeling facilities for~~  
26 ~~any public or private nonprofit hospital or public hospital authority, public~~  
27 ~~or private elementary or secondary school, a public or private nonprofit~~  
28 ~~educational institution, state correctional institution including a privately~~  
29 ~~constructed correctional institution contracted for state use and ownership,~~  
30 ~~which would be exempt from taxation under the provisions of this act if~~  
31 ~~purchased directly by such hospital or public hospital authority, school,~~  
32 ~~educational institution or a state correctional institution; and all sales of~~  
33 ~~tangible personal property or services purchased by a contractor for the~~  
34 ~~purpose of constructing, equipping, reconstructing, maintaining, repairing,~~  
35 ~~enlarging, furnishing or remodeling facilities for any political subdivision~~  
36 ~~of the state or district described in subsection (s), the total cost of which is~~  
37 ~~paid from funds of such political subdivision or district and which would~~  
38 ~~be exempt from taxation under the provisions of this act if purchased~~  
39 ~~directly by such political subdivision or district. Nothing in this subsection~~  
40 ~~or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be~~  
41 ~~deemed to exempt the purchase of any construction machinery, equipment~~  
42 ~~or tools used in the constructing, equipping, reconstructing, maintaining,~~  
43 ~~repairing, enlarging, furnishing or remodeling facilities for any political~~

1 subdivision of the state or any such district. As used in this subsection,  
2 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a  
3 political subdivision" shall mean general tax revenues, the proceeds of any  
4 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the  
5 purpose of constructing, equipping, reconstructing, repairing, enlarging,  
6 furnishing or remodeling facilities which are to be leased to the donor.  
7 When any political subdivision of the state, district described in subsection  
8 (s), public or private nonprofit hospital or public hospital authority, public  
9 or private elementary or secondary school, public or private nonprofit  
10 educational institution, state correctional institution including a privately  
11 constructed correctional institution contracted for state use and ownership  
12 shall contract for the purpose of constructing, equipping, reconstructing,  
13 maintaining, repairing, enlarging, furnishing or remodeling facilities, it  
14 shall obtain from the state and furnish to the contractor an exemption  
15 certificate for the project involved, and the contractor may purchase  
16 materials for incorporation in such project. The contractor shall furnish the  
17 number of such certificate to all suppliers from whom such purchases are  
18 made, and such suppliers shall execute invoices covering the same bearing  
19 the number of such certificate. Upon completion of the project the  
20 contractor shall furnish to the political subdivision, district described in  
21 subsection (s), hospital or public hospital authority, school, educational  
22 institution or department of corrections concerned a sworn statement, on a  
23 form to be provided by the director of taxation, that all purchases so made  
24 were entitled to exemption under this subsection. As an alternative to the  
25 foregoing procedure, any such contracting entity may apply to the  
26 secretary of revenue for agent status for the sole purpose of issuing and  
27 furnishing project exemption certificates to contractors pursuant to rules  
28 and regulations adopted by the secretary establishing conditions and  
29 standards for the granting and maintaining of such status. All invoices  
30 shall be held by the contractor for a period of five years and shall be  
31 subject to audit by the director of taxation. If any materials purchased  
32 under such a certificate are found not to have been incorporated in the  
33 building or other project or not to have been returned for credit or the sales  
34 or compensating tax otherwise imposed upon such materials which will  
35 not be so incorporated in the building or other project reported and paid by  
36 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
37 month following the close of the month in which it shall be determined  
38 that such materials will not be used for the purpose for which such  
39 certificate was issued, the political subdivision, district described in  
40 subsection (s), hospital or public hospital authority, school, educational  
41 institution or the contractor contracting with the department of corrections  
42 for a correctional institution concerned shall be liable for tax on all  
43 materials purchased for the project, and upon payment thereof it may

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

9 *(d) all sales of tangible personal property or services purchased by a*  
10 *contractor for the purpose of constructing, equipping, reconstructing,*  
11 *maintaining, repairing, enlarging, furnishing or remodeling facilities for*  
12 *any public or private nonprofit hospital or public hospital authority,*  
13 *public or private elementary or secondary school, a public or private*  
14 *nonprofit educational institution, state correctional institution including a*  
15 *privately constructed correctional institution contracted for state use and*  
16 *ownership, which would be exempt from taxation under the provisions of*  
17 *this act if purchased directly by such hospital or public hospital authority,*  
18 *school, educational institution or a state correctional institution; and all*  
19 *sales of tangible personal property or services purchased by a contractor*  
20 *for the purpose of constructing, equipping, reconstructing, maintaining,*  
21 *repairing, enlarging, furnishing or remodeling facilities for any political*  
22 *subdivision of the state or district described in subsection (s), the total*  
23 *cost of which is paid from funds of such political subdivision or district*  
24 *and which would be exempt from taxation under the provisions of this act*  
25 *if purchased directly by such political subdivision or district. Such*  
26 *purchases by a contractor for a housing authority shall be exempt from the*  
27 *tax imposed by this act only if used in a housing project for persons of low*  
28 *income as described in K.S.A. 17-2339, and amendments thereto, and not*  
29 *housing for resale or other purposes. Nothing in this subsection or in the*  
30 *provisions of K.S.A. 12-3418, and amendments thereto, shall be deemed to*  
31 *exempt the purchase of any construction machinery, equipment or tools*  
32 *used in the constructing, equipping, reconstructing, maintaining,*  
33 *repairing, enlarging, furnishing or remodeling facilities for any political*  
34 *subdivision of the state or any such district. As used in this subsection,*  
35 *K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a*  
36 *political subdivision" shall mean general tax revenues, the proceeds of any*  
37 *bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the*  
38 *purpose of constructing, equipping, reconstructing, repairing, enlarging,*  
39 *furnishing or remodeling facilities which are to be leased to the donor.*  
40 *When any political subdivision of the state, district described in subsection*  
41 *(s), public or private nonprofit hospital or public hospital authority, public*  
42 *or private elementary or secondary school, public or private nonprofit*  
43 *educational institution, state correctional institution including a privately*

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



1 housing authority is liable for the payment of any taxes under this act for  
2 any such purchases of tangible personal property that were otherwise  
3 exempt under this act;

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

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

39 (g) sales of aircraft including remanufactured and modified  
40 aircraft sold to persons using directly or through an authorized agent  
41 such aircraft as certified or licensed carriers of persons or property in  
42 interstate or foreign commerce under authority of the laws of the United  
43 States or any foreign government or sold to any foreign government or

1 *agency or instrumentality of such foreign government and all sales of*  
2 *aircraft for use outside of the United States and sales of aircraft repair,*  
3 *modification and replacement parts and sales of services employed in the*  
4 *remanufacture, modification and repair of aircraft;*

5 *(h) all rentals of nonsectarian textbooks by public or private*  
6 *elementary or secondary schools;*

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

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

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

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

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

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

43 *(o) all sales of animals, fowl and aquatic plants and animals, the*

1 *primary purpose of which is use in agriculture or aquaculture, as*  
2 *defined in K.S.A. 47-1901, and amendments thereto, the production of*  
3 *food for human consumption, the production of animal, dairy, poultry or*  
4 *aquatic plant and animal products, fiber or fur, or the production of*  
5 *offspring for use for any such purpose or purposes;*

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

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

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

1       (s) *except as provided in K.S.A. 2013 Supp. 82a-2101, and*  
2 *amendments thereto, all sales of tangible personal property or services*  
3 *purchased directly or indirectly by a groundwater management district*  
4 *organized or operating under the authority of K.S.A. 82a-1020 et seq.,*  
5 *and amendments thereto, by a rural water district organized or operating*  
6 *under the authority of K.S.A. 82a-612, and amendments thereto, or by a*  
7 *water supply district organized or operating under the authority of*  
8 *K.S.A. 19-3501 et seq., 19-3522 et seq., or 19-3545, and amendments*  
9 *thereto, which property or services are used in the construction*  
10 *activities, operation or maintenance of the district;*

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

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

41       (v) *all sales of tangible personal property to any contractor for use*  
42 *in preparing meals for delivery to homebound elderly persons over 60*  
43 *years of age and to homebound disabled persons or to be served at a*

1 *group-sitting at a location outside of the home to otherwise homebound*  
2 *elderly persons over 60 years of age and to otherwise homebound*  
3 *disabled persons, as all or part of any food service project funded in*  
4 *whole or in part by government or as part of a private nonprofit food*  
5 *service project available to all such elderly or disabled persons residing*  
6 *within an area of service designated by the private nonprofit*  
7 *organization, and all sales of tangible personal property for use in*  
8 *preparing meals for consumption by indigent or homeless individuals*  
9 *whether or not such meals are consumed at a place designated for such*  
10 *purpose, and all sales of food products by or on behalf of any such*  
11 *contractor or organization for any such purpose;*

12 *(w) all sales of natural gas, electricity, heat and water delivered*  
13 *through mains, lines or pipes: (1) To residential premises for*  
14 *noncommercial use by the occupant of such premises; (2) for*  
15 *agricultural use and also, for such use, all sales of propane gas; (3) for*  
16 *use in the severing of oil; and (4) to any property which is exempt from*  
17 *property taxation pursuant to K.S.A. 79-201b, Second through Sixth. As*  
18 *used in this paragraph, "severing" shall have the meaning ascribed*  
19 *thereto by subsection (k) of K.S.A. 79-4216, and amendments thereto.*  
20 *For all sales of natural gas, electricity and heat delivered through*  
21 *mains, lines or pipes pursuant to the provisions of subsection (w)(1) and*  
22 *(w)(2), the provisions of this subsection shall expire on December 31,*  
23 *2005;*

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

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

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

34 *(aa) all sales of materials and services applied to equipment which*  
35 *is transported into the state from without the state for repair, service,*  
36 *alteration, maintenance, remanufacture or modification and which is*  
37 *subsequently transported outside the state for use in the transmission of*  
38 *liquids or natural gas by means of pipeline in interstate or foreign*  
39 *commerce under authority of the laws of the United States;*

40 *(bb) all sales of used mobile homes or manufactured homes. As*  
41 *used in this subsection: (1) "Mobile homes" and "manufactured*  
42 *homes" shall have the meanings ascribed thereto by K.S.A. 58-4202, and*  
43 *amendments thereto; and (2) "sales of used mobile homes or*

1 *manufactured homes" means sales other than the original retail sale*  
2 *thereof;*

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

1 *whichever occurs earlier. Project exemption certificates that are*  
2 *submitted to the department of revenue prior to January 1, 2012, and are*  
3 *found to qualify will be issued a project exemption certificate that will be*  
4 *effective for a two-year period or for the term of the project, whichever*  
5 *occurs earlier;*

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

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

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

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

19 *(hh) all sales of medical supplies and equipment, including durable*  
20 *medical equipment, purchased directly by a nonprofit skilled nursing*  
21 *home or nonprofit intermediate nursing care home, as defined by K.S.A.*  
22 *39-923, and amendments thereto, for the purpose of providing medical*  
23 *services to residents thereof. This exemption shall not apply to tangible*  
24 *personal property customarily used for human habitation purposes. As*  
25 *used in this subsection, "durable medical equipment" means equipment*  
26 *including repair and replacement parts for such equipment, which can*  
27 *withstand repeated use, is primarily and customarily used to serve a*  
28 *medical purpose, generally is not useful to a person in the absence of*  
29 *illness or injury and is not worn in or on the body, but does not include*  
30 *mobility enhancing equipment as defined in subsection (r), oxygen*  
31 *delivery equipment, kidney dialysis equipment or enteral feeding*  
32 *systems;*

33 *(ii) all sales of tangible personal property purchased directly by a*  
34 *nonprofit organization for nonsectarian comprehensive multidiscipline*  
35 *youth development programs and activities provided or sponsored by*  
36 *such organization, and all sales of tangible personal property by or on*  
37 *behalf of any such organization. This exemption shall not apply to*  
38 *tangible personal property customarily used for human habitation*  
39 *purposes;*

40 *(jj) all sales of tangible personal property or services, including the*  
41 *renting and leasing of tangible personal property, purchased directly on*  
42 *behalf of a community-based facility for people with intellectual*  
43 *disability or mental health center organized pursuant to K.S.A. 19-4001*

1 *et seq., and amendments thereto, and licensed in accordance with the*  
2 *provisions of K.S.A. 75-3307b, and amendments thereto, and all sales of*  
3 *tangible personal property or services purchased by contractors during*  
4 *the time period from July, 2003, through June, 2006, for the purpose of*  
5 *constructing, equipping, maintaining or furnishing a new facility for a*  
6 *community-based facility for people with intellectual disability or mental*  
7 *health center located in Riverton, Cherokee County, Kansas, which*  
8 *would have been eligible for sales tax exemption pursuant to this*  
9 *subsection if purchased directly by such facility or center. This*  
10 *exemption shall not apply to tangible personal property customarily used*  
11 *for human habitation purposes;*

12 *(kk) (1) (A) all sales of machinery and equipment which are used in*  
13 *this state as an integral or essential part of an integrated production*  
14 *operation by a manufacturing or processing plant or facility;*

15 *(B) all sales of installation, repair and maintenance services*  
16 *performed on such machinery and equipment; and*

17 *(C) all sales of repair and replacement parts and accessories*  
18 *purchased for such machinery and equipment.*

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

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

30 *(B) "production line" means the assemblage of machinery and*  
31 *equipment at a manufacturing or processing plant or facility where the*  
32 *actual transformation or processing of tangible personal property*  
33 *occurs;*

34 *(C) "manufacturing or processing plant or facility" means a single,*  
35 *fixed location owned or controlled by a manufacturing or processing*  
36 *business that consists of one or more structures or buildings in a*  
37 *contiguous area where integrated production operations are conducted*  
38 *to manufacture or process tangible personal property to be ultimately*  
39 *sold at retail. Such term shall not include any facility primarily operated*  
40 *for the purpose of conveying or assisting in the conveyance of natural*  
41 *gas, electricity, oil or water. A business may operate one or more*  
42 *manufacturing or processing plants or facilities at different locations to*  
43 *manufacture or process a single product of tangible personal property to*



1 *be ultimately sold at retail;*

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

37 *(E) "repair and replacement parts and accessories" means all parts*  
38 *and accessories for exempt machinery and equipment, including, but not*  
39 *limited to, dies, jigs, molds, patterns and safety devices that are attached*  
40 *to exempt machinery or that are otherwise used in production, and parts*  
41 *and accessories that require periodic replacement such as belts, drill*  
42 *bits, grinding wheels, grinding balls, cutting bars, saws, refractory brick*  
43 *and other refractory items for exempt kiln equipment used in production*

1 *operations;*

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

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

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

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

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

14 *(D) to guide, control or direct the movement of property undergoing*  
15 *manufacturing or processing;*

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

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

23 *(G) to produce energy for, lubricate, control the operating of or*  
24 *otherwise enable the functioning of other production machinery and*  
25 *equipment and the continuation of production operations;*

26 *(H) to package the property being manufactured or processed in a*  
27 *container or wrapping in which such property is normally sold or*  
28 *transported;*

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

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

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

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

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

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

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

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

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

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

40       (D) office machines and equipment including computers and  
41 related peripheral equipment not used directly and primarily to control  
42 or measure the manufacturing process;

43       (E) furniture and other furnishings;

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

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

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

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

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

14       (6) Subsections (3) and (5) shall not be construed as exclusive  
15 listings of the machinery and equipment that qualify or do not qualify as  
16 an integral or essential part of an integrated production operation.  
17 When machinery or equipment is used as an integral or essential part of  
18 production operations part of the time and for nonproduction-purpose  
19 purposes at other times, the primary use of the machinery or equipment  
20 shall determine whether or not such machinery or equipment qualifies  
21 for exemption.

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

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

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

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

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

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

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

1 *by a nonprofit museum or historical society or any combination thereof,*  
2 *including a nonprofit organization which is organized for the purpose of*  
3 *stimulating public interest in the exploration of space by providing*  
4 *educational information, exhibits and experiences, which is exempt from*  
5 *federal income taxation pursuant to section 501(c)(3) of the federal*  
6 *internal revenue code of 1986;*

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

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

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

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

26 *(vv) all sales of tangible personal property purchased by any of the*  
27 *following organizations which are exempt from federal income taxation*  
28 *pursuant to section 501(c)(3) of the federal internal revenue code of*  
29 *1986, for the following purposes, and all sales of any such property by or*  
30 *on behalf of any such organization for any such purpose:*

31 *(1) The American Heart Association, Kansas Affiliate, Inc. for the*  
32 *purposes of providing education, training, certification in emergency*  
33 *cardiac care, research and other related services to reduce disability and*  
34 *death from cardiovascular diseases and stroke;*

35 *(2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of*  
36 *advocacy for persons with mental illness and to education, research and*  
37 *support for their families;*

38 *(3) the Kansas Mental Illness Awareness Council for the purposes*  
39 *of advocacy for persons who are mentally ill and ~~to~~ for education,*  
40 *research and support for them and their families;*

41 *(4) the American Diabetes Association Kansas Affiliate, Inc. for the*  
42 *purpose of eliminating diabetes through medical research, public*  
43 *education focusing on disease prevention and education, patient*

1 *education including information on coping with diabetes, and*  
2 *professional education and training;*

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

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

13 *(7) the Kansas chapters of the Parkinson's disease association for*  
14 *the purpose of eliminating Parkinson's disease through medical*  
15 *research and public and professional education related to such disease;*

16 *(8) the National Kidney Foundation of Kansas and Western*  
17 *Missouri for the purpose of eliminating kidney disease through medical*  
18 *research and public and private education related to such disease;*

19 *(9) the heartstrings community foundation for the purpose of*  
20 *providing training, employment and activities for adults with*  
21 *developmental disabilities;*

22 *(10) the Cystic Fibrosis Foundation, Heart of America Chapter, for*  
23 *the purposes of assuring the development of the means to cure and*  
24 *control cystic fibrosis and improving the quality of life for those with the*  
25 *disease;*

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

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

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

37 *(14) the Dreams Work, Inc., for the purpose of providing young*  
38 *adult day services to individuals with developmental disabilities and*  
39 *assisting families in avoiding institutional or nursing home care for a*  
40 *developmentally disabled member of their family;*

41 *(15) the KSDS, Inc., for the purpose of promoting the independence*  
42 *and inclusion of people with disabilities as fully participating and*  
43 *contributing members of their communities and society through the*

1 *training and providing of guide and service dogs to people with*  
2 *disabilities, and providing disability education and awareness to the*  
3 *general public;*

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

7 *(17) the Dream Factory, Inc., for the purpose of granting the*  
8 *dreams of children with critical and chronic illnesses;*

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

13 *(19) the International Association of Lions Clubs for the purpose of*  
14 *creating and fostering a spirit of understanding among all people for*  
15 *humanitarian needs by providing voluntary services through community*  
16 *involvement and international cooperation;*

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

21 *(21) the American Cancer Society, Inc., for the purpose of*  
22 *eliminating cancer as a major health problem by preventing cancer,*  
23 *saving lives and diminishing suffering from cancer, through research,*  
24 *education, advocacy and service;*

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

27 *(23) the angel babies association, for the purpose of providing*  
28 *assistance, support and items of necessity to teenage mothers and their*  
29 *babies; and*

30 *(24) the Kansas fairgrounds foundation for the purpose of the*  
31 *preservation, renovation and beautification of the Kansas state*  
32 *fairgrounds;*

33 *(ww) all sales of tangible personal property purchased by the*  
34 *Habitat for Humanity for the exclusive use of being incorporated within*  
35 *a housing project constructed by such organization;*

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

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

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

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



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

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

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

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

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

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

36 *(ddd) on and after January 1, 1999, and before January 1, 2000, all*  
37 *sales of materials and services purchased by any class II or III railroad*  
38 *as classified by the federal surface transportation board for the*  
39 *construction, renovation, repair or replacement of class II or III*  
40 *railroad track and facilities used directly in interstate commerce. In the*  
41 *event any such track or facility for which materials and services were*  
42 *purchased sales tax exempt is not operational for five years succeeding*  
43 *the allowance of such exemption, the total amount of sales tax which*

1 *would have been payable except for the operation of this subsection*  
2 *shall be recouped in accordance with rules and regulations adopted for*  
3 *such purpose by the secretary of revenue;*

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

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

25 *(ggg) all sales of tangible personal property and services purchased*  
26 *by or on behalf of the Kansas Academy of Science which is exempt from*  
27 *federal income taxation pursuant to section 501(c)(3) of the federal*  
28 *internal revenue code of 1986, and used solely by such academy for the*  
29 *preparation, publication and dissemination of education materials;*

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

33 *(iii) all sales of personal property and services purchased by an*  
34 *organization which is exempt from federal income taxation pursuant to*  
35 *section 501(c)(3) of the federal internal revenue code of 1986, and which*  
36 *such personal property and services are used by any such organization*  
37 *in the collection, storage and distribution of food products to nonprofit*  
38 *organizations which distribute such food products to persons pursuant*  
39 *to a food distribution program on a charitable basis without fee or*  
40 *charge, and all sales of tangible personal property or services purchased*  
41 *by a contractor for the purpose of constructing, equipping,*  
42 *reconstructing, maintaining, repairing, enlarging, furnishing or*  
43 *remodeling facilities used for the collection and storage of such food*

1 *products for any such organization which is exempt from federal income*  
2 *taxation pursuant to section 501(c)(3) of the federal internal revenue*  
3 *code of 1986, which would be exempt from taxation under the provisions*  
4 *of this section if purchased directly by such organization. Nothing in this*  
5 *subsection shall be deemed to exempt the purchase of any construction*  
6 *machinery, equipment or tools used in the constructing, equipping,*  
7 *reconstructing, maintaining, repairing, enlarging, furnishing or*  
8 *remodeling facilities for any such organization. When any such*  
9 *organization shall contract for the purpose of constructing, equipping,*  
10 *reconstructing, maintaining, repairing, enlarging, furnishing or*  
11 *remodeling facilities, it shall obtain from the state and furnish to the*  
12 *contractor an exemption certificate for the project involved, and the*  
13 *contractor may purchase materials for incorporation in such project.*  
14 *The contractor shall furnish the number of such certificate to all*  
15 *suppliers from whom such purchases are made, and such suppliers shall*  
16 *execute invoices covering the same bearing the number of such*  
17 *certificate. Upon completion of the project the contractor shall furnish*  
18 *to such organization concerned a sworn statement, on a form to be*  
19 *provided by the director of taxation, that all purchases so made were*  
20 *entitled to exemption under this subsection. All invoices shall be held by*  
21 *the contractor for a period of five years and shall be subject to audit by*  
22 *the director of taxation. If any materials purchased under such a*  
23 *certificate are found not to have been incorporated in such facilities or*  
24 *not to have been returned for credit or the sales or compensating tax*  
25 *otherwise imposed upon such materials which will not be so*  
26 *incorporated in such facilities reported and paid by such contractor to*  
27 *the director of taxation not later than the 20<sup>th</sup> day of the month following*  
28 *the close of the month in which it shall be determined that such*  
29 *materials will not be used for the purpose for which such certificate was*  
30 *issued, such organization concerned shall be liable for tax on all*  
31 *materials purchased for the project, and upon payment thereof it may*  
32 *recover the same from the contractor together with reasonable attorney*  
33 *fees. Any contractor or any agent, employee or subcontractor thereof,*  
34 *who shall use or otherwise dispose of any materials purchased under*  
35 *such a certificate for any purpose other than that for which such a*  
36 *certificate is issued without the payment of the sales or compensating tax*  
37 *otherwise imposed upon such materials, shall be guilty of a*  
38 *misdemeanor and, upon conviction therefor, shall be subject to the*  
39 *penalties provided for in subsection (g) of K.S.A. 79-3615, and*  
40 *amendments thereto. Sales tax paid on and after July 1, 2005, but prior*  
41 *to the effective date of this act upon the gross receipts received from any*  
42 *sale exempted by the amendatory provisions of this subsection shall be*  
43 *refunded. Each claim for a sales tax refund shall be verified and*

1 *submitted to the director of taxation upon forms furnished by the*  
2 *director and shall be accompanied by any additional documentation*  
3 *required by the director. The director shall review each claim and shall*  
4 *refund that amount of sales tax paid as determined under the provisions*  
5 *of this subsection. All refunds shall be paid from the sales tax refund*  
6 *fund upon warrants of the director of accounts and reports pursuant to*  
7 *vouchers approved by the director or the director's designee;*

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

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

33 *(mmm) all sales of tangible personal property purchased by or on*  
34 *behalf of the Marillac Center, Inc., which is exempt from federal income*  
35 *taxation pursuant to section 501(c)(3) of the federal internal revenue*  
36 *code, for the purpose of providing psycho-social-biological and special*  
37 *education services to children, and all sales of any such property by or*  
38 *on behalf of such organization for such purpose;*

39 *(nnn) all sales of tangible personal property and services purchased*  
40 *by the West Sedgwick County-Sunrise Rotary Club and Sunrise*  
41 *Charitable Fund for the purpose of constructing a boundless*  
42 *playground which is an integrated, barrier free and developmentally*  
43 *advantageous play environment for children of all abilities and*

1 *disabilities;*

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

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

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

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

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

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



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

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

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

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

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

41 *(vvv) all sales of tangible personal property or services, including*  
42 *the renting and leasing of tangible personal property or services,*  
43 *purchased by Jazz in the Woods, Inc., a Kansas corporation which is*

1 *exempt from federal income taxation pursuant to section 501(c)(3) of the*  
2 *federal internal revenue code, for the purpose of providing Jazz in the*  
3 *Woods, an event benefiting children-in-need and other nonprofit*  
4 *charities assisting such children, and all sales of any such property by or*  
5 *on behalf of such organization for such purpose;*

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

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

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

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

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

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

37 *(aaaa) all sales of personal property and services purchased by or*  
38 *on behalf of victory in the valley, inc., which 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 a cancer support group and*  
41 *services for persons with cancer, and all sales of any such property by or*  
42 *on behalf of any such organization for any such purpose;*

43 *(bbbb) all sales of entry or participation fees, charges or tickets by*

1 *Guadalupe health foundation, which is exempt from federal income*  
2 *taxation pursuant to section 501(c)(3) of the federal internal revenue*  
3 *code, for such organization's annual fundraising event which purpose is*  
4 *to provide health care services for uninsured workers;*

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

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

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

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

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

33 *(gggg) all sales of game birds for which the primary purpose is use*  
34 *in hunting;*~~and~~

35 *(hhhh) all sales of tangible personal property and services purchased*  
36 *by a hospice which is certified to participate in the medicare program*  
37 *under 42 code of federal regulations, chapter IV, section 418.1 et seq. for*  
38 *the purpose of providing services for hospice patients, and purchased by*  
39 *an organization licensed as a program of all-inclusive care for the elderly*  
40 *(pace) provider as licensed by the Kansas department of aging and*  
41 *disability services for the purpose of providing care for pace patients, all*  
42 *of which are exempt from federal income taxation pursuant to section*  
43 *501(c)(3) of the federal internal revenue code;*~~and~~



1       (iiii) all sales of tangible personal property purchased by or on  
2 behalf of the epilepsy foundation of Missouri and Kansas, which is exempt  
3 from federal income taxation pursuant to section 501(c)(3) of the federal  
4 internal revenue code, for the purpose of leading the fight to stop seizures,  
5 finding a cure and overcoming the challenges created by epilepsy, and all  
6 sales of any such property by or on behalf of such organization for such  
7 purpose;

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

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

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

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

16 ~~Sec. 2. 3. {4.}~~ K.S.A. 2013 Supp. 79-3228 ~~is and{,} 79-32,117 {and~~  
17 ~~79-3606} are hereby repealed.~~

18 ~~Sec. 3. 4. {5.}~~ This act shall take effect and be in force from and  
19 after its publication in the statute book.