

**SENATE BILL No. 91**

By Committee on Commerce

1-24

1 AN ACT concerning economic development; enacting the Kansas film and  
2 digital media production development act; establishing an income tax  
3 credit, ~~and~~, sales tax exemption ~~and loan and grant~~ **{and loan and**  
4 **grant}** program to be administered by the secretary of commerce for  
5 the purpose of developing film, video or digital production in Kansas;  
6 establishing the Kansas film and digital media production development  
7 act education fund and the Kansas film and digital media production  
8 development act workforce training and business direct investment  
9 fund; **{establishing the Kansas film and digital media production**  
10 **development act education fund and the Kansas film and digital**  
11 **media production development act workforce training and business**  
12 **direct investment fund;}** amending K.S.A. 2022 Supp. 79-3606 and  
13 repealing the existing section.  
14

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

16 New Section 1. Sections 1 through ~~8-6 8~~, and amendments thereto,  
17 shall be known and may be cited as the Kansas film and digital media  
18 production development act. The purpose of the Kansas film and digital  
19 media production development act is to incentivize film, video or digital  
20 media productions in Kansas and facilitate the development and growth of  
21 a film, video or digital media production industry and associated  
22 businesses supporting the industry in this state.

23 New Sec. 2. As used in this act:

24 (a) "Above-the-line personnel" means any individual hired or credited  
25 on screen for an eligible production for work on the production or  
26 postproduction of film as a:

27 (1) Principal cast member compensated for the eligible production  
28 project at a screen actors guild schedule f or above payment rate; or

29 (2) producer, screenwriter or director.

30 (b) "Act" means the Kansas film and digital media production  
31 development act.

32 (c) "Affiliates" means those entities that are included in the  
33 production company's affiliated group as defined in section 1504(a) of the  
34 internal revenue code, 26 U.S.C. § 1504(a), and all other entities that are

1 50% or more owned, directly or indirectly, by members of the affiliated  
2 group.

3 (d) "Based in Kansas" or "Kansas-based" means, in reference to a  
4 vendor, production company or company, that the vendor, production  
5 company or company is subject to income tax liability under the Kansas  
6 income tax act and has a physical presence in Kansas and, with respect to a  
7 production company, has maintained a physical presence in Kansas for at  
8 least six months prior to submitting an application to the secretary  
9 pursuant to section 3, and amendments thereto.

10 (e) "Certified production" or "certified project" means an eligible  
11 production that has agreed to one or more qualified Kansas promotions  
12 and that has been approved by the secretary of commerce as eligible for  
13 tax incentives pursuant to the provisions of section 3, and amendments  
14 thereto.

15 (f) "Crew" means any individual who works on production or  
16 postproduction for an eligible production. "Crew" does not include above-  
17 the-line personnel.

18 (g) (1) "Eligible production" or "eligible project" means a production:

19 (A) (i) Of a new film, video or digital project, or a portion or portions  
20 of such project, produced in this state, including a feature film,  
21 documentary, series, pilot, movie for television, televised commercial  
22 advertisement, music video, video game, content-based mobile application  
23 or a virtual reality, augmented reality, multi-media or new media project;

24 (ii) produced in whole or in part, in short or in long form, and may  
25 include animation, music and green screen, motion capture and similar  
26 production techniques;

27 (iii) fixed on a delivery system including, but not limited to, film  
28 format or reels, videotape, computer drive or disc, laser disc or any  
29 element of the digital domain, from which the program or completed  
30 project is viewed or reproduced; and

31 (iv) intended for multimarket commercial distribution via theaters,  
32 video on demand, direct to DVD, streaming, digital platforms or electronic  
33 delivery systems designed for the distribution or playing of interactive  
34 games, licensing for exhibition by individual television stations, groups of  
35 stations, networks, advertiser-supported sites, cable television stations,  
36 streaming companies or public broadcasting stations; and

37 (B) that incurs or is reasonably anticipated to incur qualified  
38 production or postproduction expenses of at least \$50,000, as determined  
39 by the secretary.

40 (2) "Eligible production" or "eligible project" does not include:

41 (A) The coverage of news or athletic events, local advertising, local  
42 interest programming, instructional videos, corporate videos, any project  
43 that is not intended for multimarket commercial distribution or any portion

1 of a project not shot, recorded or created in Kansas; and

2 (B) any production of obscene material or an obscene performance as  
3 defined in K.S.A. 2022 Supp. 21-6401, and amendments thereto.

4 (3) For purposes of the income tax credit as allowed under section  
5 4(f), and amendments thereto, "eligible production" or "eligible project"  
6 means the same as defined in paragraphs (1) and (2), except that a  
7 production not intended for multimarket commercial distribution may be  
8 included and the amount of eligible expenses required shall be at least  
9 \$25,000.

10 (h) "Eligible television series" means a certified series television  
11 production project intended for multimarket commercial distribution, with  
12 an order for multiple episodes in a single season, not less than 25% of the  
13 series season is filmed within Kansas and the production incurs qualifying  
14 eligible expenses of more than \$50,000.

15 (i) "Eligible wages and salaries" means:

16 (1) (A) Wages or salaries paid by the production company to crew for  
17 work in Kansas designated as for production or for postproduction of an  
18 eligible production;

19 (B) for which the production company is required to remit  
20 withholding payments to the department of revenue under the Kansas  
21 withholding and declaration of estimated tax act; and

22 (C) at least 10% of the crew are residents of this state. The secretary  
23 and the Kansas arts industry director may agree upon a higher percentage  
24 requirement; and

25 (2) the amounts of wages, salaries or payments paid to above-the-line  
26 personnel, except that the eligible amount of such wages, salaries or  
27 payments shall not comprise more than 25% of qualified production  
28 expenditures as defined in subsection (s).

29 (j) "Film" means a professional single media, multimedia, video or  
30 audiovisual program or feature, that may be digital, that is not obscene  
31 material or an obscene performance as defined in K.S.A. 2022 Supp. 21-  
32 6401, and amendments thereto. "Film" includes, but is not limited to, film  
33 produced for an interactive game or a documentary, special, music video,  
34 television commercial or television program, or a portion thereof, that is  
35 filmed or taped for cable, television, streaming network, national or  
36 regional syndication or for a feature-length motion picture intended for  
37 theatrical release or for network, streaming, national or regional  
38 syndication or broadcast.

39 (k) "High-impact production" means a certified production for which  
40 production or postproduction expenditures are at least \$50,000,000, and at  
41 least  $\frac{1}{3}$  of such total expenditures constitute qualified expenditures  
42 approved by the secretary of commerce.

43 (l) "Kansas film media industry development expenditure" means

1 documented financial, promotional or in-kind contributions or educational  
2 or workforce development efforts, at standard rates set by the secretary of  
3 commerce in consultation with the Kansas creative arts industries  
4 commission, in partnership with related Kansas industry labor  
5 organizations or educational institutions, toward the furtherance of the  
6 Kansas film or digital media industry. Promotional efforts include, but are  
7 not limited to, the promotion of the Kansas industry by directors, actors or  
8 producers affiliated with the production company's project through social  
9 media that is managed by the state, radio or television interviews  
10 facilitated by the department of commerce, enhanced screen credit  
11 acknowledgments or related events that are facilitated, conducted or  
12 sponsored by the secretary of commerce or the Kansas creative arts  
13 industries commission.

14 (m) "Multi-film deal" means a certified project in which a production  
15 company films at least 75% of main crew principal photography for three  
16 or more films in this state within five years.

17 (n) "Nonresident crew member" means an individual who is not a  
18 Kansas resident and is hired for work on a an eligible production project  
19 within this state.

20 (o) "Production company" means a person, producer or company that  
21 produces film for, including, but not limited to, exhibition in theaters,  
22 television, interactive games, cable, syndication or streaming networks.  
23 "Production company" includes affiliates of a production company when  
24 approved by the secretary and identified in the agreement executed  
25 pursuant to section 3, and amendments thereto.

26 (p) (1) "Postproduction expenditures" means expenditures made in  
27 Kansas directly for postproduction activities in Kansas for an eligible  
28 production by a production company and includes, but are not limited to,  
29 the following categories:

30 (A) Eligible wages or salaries of above-the-line personnel or crew  
31 designated as postproduction;

32 (B) sound synchronization, recording or mixing;

33 (C) color grading;

34 (D) editing and related services;

35 (E) visual effects or special effects;

36 (F) computer graphics, special effects or animation services;

37 (G) film processing or format transfers;

38 (H) music production, recording, mixing or composition;

39 (I) licensing of music produced in this state or created by a Kansas  
40 resident;

41 (J) rental of facilities or equipment;

42 (K) leasing of vehicles, including leasing of airplanes, for  
43 postproduction-related transportation and costs of food and lodging; and

1 (L) other direct postproduction costs of an eligible production in  
2 accordance with generally accepted entertainment industry practices.

3 (2) "Postproduction expenditures" does not include:

4 (A) Goods, equipment or vehicles not purchased, rented or leased in  
5 Kansas from a Kansas-based vendor and when not used in Kansas;

6 (B) any expenditures for activities, work or services not conducted in  
7 Kansas and not performed by a Kansas-based vendor. A vendor that acts as  
8 a conduit to enable purchases, rentals or leases to qualify as "production  
9 expenditures" that would not otherwise qualify shall not be considered a  
10 Kansas-based vendor with respect to such purchases, rentals or leases; or

11 (C) costs for footage shot outside this state, marketing, story rights or  
12 distribution.

13 (q) (1) "Production expenditures" means expenditures made in  
14 Kansas directly related to or used for production activities in this state for  
15 an eligible production by a production company, including, but not limited to,  
16 the following categories:

17 (A) Eligible wages or salaries of above-the-line personnel or crew  
18 designated as production;

19 (B) set construction, maintenance, repair or modification, set  
20 furnishings and operations, wardrobe, make-up, materials used to construct  
21 costumes, props or scenery, accessories and related services;

22 (C) scripts, musical scores or storyboards and drafting and design  
23 supplies;

24 (D) photography, sound synchronization, lighting and related  
25 services;

26 (E) editing and related services;

27 (F) rental of buildings, facilities or equipment and leasing of vehicles,  
28 including, but not limited to, leasing of airplanes;

29 (G) transportation costs, including, but not limited to, leasing of  
30 vehicles or airplanes, directly related to production activities in Kansas;

31 (H) food and lodging;

32 (I) sound recording or mixing services;

33 (J) computer graphics, special effects and animation services;

34 (K) film processing or format transfers;

35 (L) airfare if purchased through a Kansas travel agency;

36 (M) insurance costs and bonding if purchased through a Kansas  
37 insurance agency; and

38 (N) other direct costs of producing film in accordance with generally  
39 accepted entertainment industry practices.

40 (2) "Production expenditures" does not include:

41 (A) Goods, equipment or vehicles not purchased, rented or leased in  
42 Kansas from a Kansas-based vendor;

43 (B) any expenditures for activities, work or services not conducted in

1 Kansas and services not performed at the filming site unless the vendor is  
2 a Kansas-based vendor; and

3 (C) postproduction expenditures as defined in subsection (p) when  
4 used for postproduction activities.

5 (r) "Qualified postproduction expenditures" means the funds actually  
6 invested and expended by a production company that are postproduction  
7 expenditures made in this state and that are directly used in a certified  
8 production, including, but not limited to, any Kansas film media industry  
9 development expenditures, and approved by the secretary of commerce.

10 "Qualified postproduction expenditures" shall not exceed the usual and  
11 customary cost of the goods or services acquired. The secretary of  
12 commerce or the secretary of revenue may determine the value of the  
13 goods or services for purposes of this section when the buyer and seller are  
14 affiliates, or the sale or purchase is not an arm's length transaction.  
15 "Qualified postproduction expenditures" does not include postproduction  
16 expenditures for which another taxpayer claims the production tax credit  
17 pursuant to section 4, and amendments thereto.

18 (s) "Qualified production expenditures" means the funds actually  
19 invested and expended by a production company that are production  
20 expenditures made in this state and directly used in a certified production,  
21 including any Kansas film media industry development expenditures, and  
22 approved by the secretary of commerce. "Qualified production  
23 expenditures" shall not exceed the usual and customary cost of the goods  
24 or services acquired. The secretary of commerce or the secretary of  
25 revenue may determine the value of the goods or services for purposes of  
26 this act when the buyer and seller are affiliates, or the sale or purchase is  
27 not an arm's length transaction. "Qualified production expenditures" does  
28 not include production expenditures for which another taxpayer claims the  
29 production tax credit pursuant to section 4, and amendments thereto.  
30 "Qualified production expenditures" does not include wages, salaries or  
31 payment paid to above-the-line personnel that constitute more than 25% of  
32 total production expenditures.

33 (t) "Qualified Kansas promotion" means a promotion of this state,  
34 approved by the secretary as to content, distribution, duration and  
35 placement within a production, video or interactive game or in associated  
36 online or other promotions, that consists of a static or animated logo that  
37 promotes Kansas, an embedded Kansas promotion or a Kansas  
38 advertisement and that may include a link to a Kansas website.

39 (u) "Secretary" means the secretary of commerce.

40 (v) "Vendor" means a business that sells or leases goods or services  
41 that are related to standard production industry inventory or services.  
42 "Vendor" does not include a personal services business.

43 New Sec. 3. (a) There is hereby created the Kansas film and digital

1 media industry development program. The purpose of the Kansas film and  
2 digital media industry development program is to:

3 (1) Provide tax incentives, including, but not limited to, an income  
4 tax credit and a sales tax exemption, for eligible projects produced in  
5 Kansas by production companies that meet the requirements of this act and  
6 are approved as certified projects by the secretary of commerce; and

7 (2) provide tax incentives, support programs or services, including,  
8 but not limited to, professional development, infrastructure investments  
9 and marketing efforts to develop film and digital media industry-related  
10 Kansas businesses.

11 (b) The program shall be administered by the secretary with the  
12 assistance of the Kansas creative arts industries commission. The secretary  
13 shall consult with the Kansas creative arts industries commission in  
14 administering this act to ensure the best possible use of Kansas resources  
15 for promoting and developing film and digital media production and  
16 related industry in Kansas. In determining whether to approve a project as  
17 a certified project, the secretary shall consider the immediate impact and  
18 potential future impact of the project on the development and growth of  
19 the Kansas film, video and digital media production industry. The  
20 secretary may limit, by category, specified eligible expenditures or total  
21 amounts of eligible production or postproduction expenditures that may be  
22 approved by the secretary as qualified production or postproduction  
23 expenditures. The aggregate total amount of income tax credits under this  
24 act shall not exceed \$10,000,000 in a tax year. The secretary shall  
25 designate 10% of such total aggregate amount in each tax year for tax  
26 credits for Kansas-based production companies to fulfill the purpose of  
27 this act as described in subsection (a)(2).

28 (c) To be eligible for an income tax credit or a sales tax exemption  
29 under this act, a production company shall, prior to the commencement of  
30 the project or of principal photography, submit the following to the  
31 secretary of commerce in the form and manner and with such  
32 documentation and other information as required by the secretary:

33 (1) An application for approval of the production as an eligible  
34 production and for designation as a certified production;

35 (2) evidence of adequate financing for the project;

36 (3) evidence of a certificate of general liability insurance with a  
37 minimum coverage of \$1,000,000, or a greater amount if required by the  
38 secretary, and workers compensation coverage in compliance with Kansas  
39 law that shall include coverage of employer liability;

40 (4) a description of the project, timelines and anticipated completion  
41 dates, anticipated eligible expenditures and project activities to be  
42 conducted in Kansas, anticipated employment of crew or above-the-line  
43 personnel who are Kansas residents or use of Kansas-based vendors and

1 any anticipated construction or contribution of production infrastructure or  
2 participation in Kansas film and digital media industry development  
3 activities; and

4 (5) an economic impact statement showing the economic impact from  
5 the activities of the project. Such economic impact statement shall indicate  
6 the impact on the region of the state in which the project production or  
7 production-related activities are conducted and any impact on the state as a  
8 whole. The secretary may consider the size of the project when  
9 determining the scope and information required.

10 (d) (1) If the secretary determines that the project is an eligible  
11 project and approves the application, the production company shall enter  
12 into an agreement with the secretary prior to the commencement of the  
13 project on such terms and conditions as the secretary may require. Such  
14 terms and conditions shall include, but not be limited to, qualified Kansas  
15 promotions to be provided and any limitations the secretary may impose  
16 on the amounts of eligible production or postproduction expenditures that  
17 may be approved by the secretary as qualified expenditures, whether in  
18 total or for specified eligible expenditures or specified eligible expenditure  
19 categories.

20 (2) The production company shall agree to the provision of  
21 documentation and information to the secretary or the secretary of revenue  
22 on a regular basis as requested by the secretary or secretary of revenue to  
23 determine qualified expenditures and compliance with the requirements of  
24 this act and rules and regulations adopted by the secretary or the secretary  
25 of revenue pursuant to this act. The production company shall agree to the  
26 provision of information to the secretary on a regular basis as requested by  
27 the secretary regarding the progress of the project and estimated  
28 completion date.

29 (3) The terms and conditions shall include provisions for repayment  
30 of income tax credits or sales tax exempted if requirements of this act or  
31 rules and regulations are not met, provisions requiring cooperation with  
32 any audit conducted pursuant to this act and provisions for submission of  
33 information as required for publication on the Kansas economic incentive  
34 database and for the secretary's reports to the legislature as provided by  
35 section 5, and amendments thereto.

36 (4) The terms and conditions may also include agreements by the  
37 production company for the facilitation of, coordination with or provision  
38 of support services for Kansas businesses and organizations to enable  
39 participation in the project or the development of the Kansas film and  
40 digital media industry.

41 (5) If the secretary approves the agreement with the production  
42 company, the secretary shall authorize the eligible project as a certified  
43 project.

1 (e) Upon approval by the secretary as an eligible and certified project  
2 and the execution of the agreement as provided in subsection (d), the  
3 secretary may approve an application by the production company for a  
4 sales tax exemption for production or postproduction expenditures  
5 pursuant to the provisions of K.S.A. 79-3606(pppp), and amendments  
6 thereto, and shall notify the applicant and the secretary of revenue of such  
7 approval. In considering approval of such sales tax exemption, the  
8 secretary shall prioritize expenditures in rural areas or in economically  
9 depressed urban areas to the extent feasible. The secretary may require that  
10 all or a portion of expenditures eligible for exemption from sales tax be  
11 made with businesses located in such areas, as determined by the secretary.  
12 A production company receiving a sales tax exemption shall provide the  
13 secretary or the secretary of revenue with such documentation as requested  
14 by the secretary or the secretary of revenue to demonstrate that  
15 expenditures have been made as required.

16 (f) Prior to receipt by a production company of any income tax credit  
17 authorized by section 4, and amendments thereto, the secretary shall  
18 examine and determine, ~~in the sole discretion of the secretary,~~ the amount  
19 of eligible production or eligible postproduction expenditures that are  
20 qualified production expenditures or qualified postproduction expenditures  
21 of the production company and that such expenditures are for a certified  
22 production. No expenditure that was exempt from sales taxation pursuant  
23 to K.S.A. 79-3606(pppp), and amendments thereto, shall also be a basis  
24 for the income tax credit pursuant to section 4, and amendments thereto,  
25 unless specifically approved by the secretary. The production company  
26 shall provide such information and documentation as requested by the  
27 secretary to make such determination. In addition, the production company  
28 shall provide evidence as required by the secretary that:

29 (1) The production company has filed all Kansas tax returns and tax  
30 documents required by law and withholding taxes have been submitted as  
31 required by law;

32 (2) all crew who are Kansas residents and Kansas-based vendors have  
33 been paid and that there are no pending liens in this state against the  
34 production company; and

35 (3) the certified project for which a sales tax exemption has been  
36 granted or an income tax credit is requested has been completed, or in the  
37 discretion of the secretary, a phase of the certified project has been  
38 completed and adequate assurance, as determined by the secretary, has  
39 been provided that the project will be fully completed.

40 (g) As a condition of receiving any income tax credits pursuant to this  
41 act, the production company shall provide the secretary with a report by a  
42 certified public accountant licensed to practice in Kansas, prepared at the  
43 expense of the applicant, verifying that the expenditures have been made

1 in compliance with the requirements of this act. The report shall be  
2 provided with a claim for income tax credits as required by section 4, and  
3 amendments thereto, or as required by the secretary.

4 (h) The secretary shall notify the production company and the  
5 secretary of revenue of determinations of qualified expenditures made by  
6 the secretary.

7 (i) The secretary of commerce and the secretary of revenue may  
8 adopt rules and regulations to implement the provisions of this act.

9 New Sec. 4. (a) For tax years 2023 through 2032, for any production  
10 company or its affiliates that make qualified production or qualified  
11 postproduction expenditures for a certified production approved by the  
12 secretary of commerce as provided by section 3, and amendments thereto,  
13 there shall be allowed an income tax credit against the tax imposed under  
14 the Kansas income tax act in the amount as determined pursuant to  
15 subsection (d) as limited by subsection (h). The tax credit shall be applied  
16 against the production company's income tax liability for the taxable year  
17 in which the qualified expenditures are made by the production company.  
18 If the amount of the tax credit allowed exceeds the production company's  
19 income tax liability for the taxable year, ~~an amount equal to the remainder~~  
20 ~~of the unused tax credits shall be refunded to the production company~~ ***the***  
21 ***production company may carry over the amount of the tax credit that***  
22 ***exceeds such tax liability for deduction from the production company's***  
23 ***income tax liability in the next succeeding taxable year or years until the***  
24 ***total amount of the tax credit has been deducted from the production***  
25 ***company's tax liability, except that no such tax credit shall be carried***  
26 ***over for deduction after the 10<sup>th</sup> taxable year succeeding the year in***  
27 ***which the qualified expenditures were made by the production company.***

28 If the production company is a corporation having an election in effect  
29 under subchapter S of the federal internal revenue code, a partnership or a  
30 limited liability company, the credit ~~provided by this section~~ shall be  
31 claimed by the shareholders of such corporation, the partners of such  
32 partnership or members of such limited liability company in the same  
33 manner as such shareholders, partners or members account for their  
34 proportionate shares of the income or loss of the corporation, partnership  
35 or limited liability company and in accordance with the agreement  
36 executed pursuant to section 3, and amendments thereto. The tax credit  
37 may be transferred as provided by subsection (k). ~~The aggregate total~~  
38 ~~amount of credits allowed under this section shall not exceed \$10,000,000~~  
39 ~~in a tax year. Ten percent of such aggregate total in each tax year shall be~~  
40 ~~designated for tax credits to Kansas-based production companies.~~

41 (b) A claim for a tax credit shall be filed with the secretary of revenue  
42 as part of a return filed by the production company pursuant to the Kansas  
43 income tax act. The order that agreements are executed with the secretary

1 of commerce pursuant to section 3, and amendments thereto, shall  
2 determine the order that credit claims are allocated by the secretary of  
3 revenue. A claim shall be submitted with a return or amended return within  
4 one calendar year of the date of the last eligible production expenditure or  
5 the last eligible postproduction expenditure for the certified production  
6 that would be eligible for an income tax credit as provided by subsection  
7 (a). ***A request by a production company for an extension of time of up to***  
8 ***six months to submit a claim shall be granted by the secretary of***  
9 ***revenue.*** All qualified production expenditures or postproduction  
10 expenditures incurred during the taxable year by a production company for  
11 a certified production shall be submitted for credit as part of the same  
12 income tax return. A tax credit claim for qualified expenditures during a  
13 taxable year shall not be divided and submitted with multiple returns or in  
14 multiple years.

15 (c) The claim shall include a copy of the project certification and the  
16 determination of qualified production or postproduction expenditures by  
17 the secretary of commerce. The claim shall also include a report by a  
18 certified public accountant licensed to practice in Kansas, prepared at the  
19 expense of the applicant, verifying that the expenditures have been made  
20 in compliance with the requirements of this act.

21 (d) The amount of the tax credit shall be equal to 30% of:

22 (1) The qualified production expenditures for the certified project; or  
23 (2) the qualified postproduction expenses for a certified project with  
24 no qualified production expenses.

25 (e) The secretary of commerce may approve additional credits as  
26 follows:

27 (1) In addition to the amount authorized by subsection (d)(1):

28 (A) Up to 5% of the qualified production expenditures for a certified  
29 multi-film deal, a certified eligible television series, a certified high-impact  
30 production or contributions to film-related infrastructure or workforce  
31 development in Kansas, including, but not limited to, contributions to  
32 permanent sets, sound stages, film editing facilities, computer graphics,  
33 special effects or animation facilities, educational facilities or programs,  
34 internships or apprenticeships or equipment for production activities, in  
35 the amount such contributions are approved by the secretary of commerce;  
36 or

37 (B) up to 5% for qualified production expenditures for a production if  
38 50% or more of the crew or above-the-line personnel are Kansas residents;  
39 or

40 (2) in addition to the amount authorized under subsection (d)(1) or  
41 (2), up to an additional 5%, as determined by the secretary, of the amount  
42 of the qualified production expenditures or qualified postproduction  
43 expenditures, as applicable, of a certified project of a production company

1 that has previously received an income tax credit under this act with  
2 respect to such certified project.

3 (f) In addition to or in lieu of the credits authorized by subsection (d),  
4 as determined by the secretary, a Kansas-based production company that  
5 incurs at least \$25,000 in qualified expenditures, including, but not limited to,  
6 expenditures for a certified production not intended for multimarket  
7 distribution but that otherwise constitute qualified expenditures and meets  
8 all other qualifications for a tax credit under this act shall receive a  
9 ~~nonrefundable~~ tax credit in the amount of 25% of such qualified  
10 ~~production~~ expenditures. *The tax credit shall be applied against the*  
11 *Kansas-based production company's income tax liability for the taxable*  
12 *year in which the qualified expenditures are made by the Kansas-based*  
13 *production company. If the amount of the tax credit exceeds the Kansas-*  
14 *based production company's income tax liability, the Kansas-based*  
15 *production company may carry over the amount of the tax credit that*  
16 *exceeds such tax liability for deduction from the Kansas-based*  
17 *production company's income tax liability in the next succeeding taxable*  
18 *year or years until the total amount of the tax credit has been deducted*  
19 *from the Kansas-based production company's tax liability, except that no*  
20 *such tax credit shall be carried over for deduction after the 10<sup>th</sup> taxable*  
21 *year succeeding the year in which the qualified expenditures were made*  
22 *by the Kansas-based production company. If the Kansas-based*  
23 *production company is a corporation having an election in effect under*  
24 *subchapter S of the federal internal revenue code, a partnership or a*  
25 *limited liability company, the credit shall be claimed by the shareholders*  
26 *of such corporation, the partners of such partnership or members of*  
27 *such limited liability company in the same manner as such shareholders,*  
28 *partners or members account for their proportionate shares of the*  
29 *income or loss of the corporation, partnership or limited liability*  
30 *company and in accordance with the agreement executed pursuant to*  
31 *section 3, and amendments thereto. The tax credit may be transferred as*  
32 *provided by subsection (k).*

33 (g) Notwithstanding any other provision of this act, the tax credit  
34 amount based on a production or postproduction expenditure for a single  
35 individual who meets the definition of individuals who are above-the-line,  
36 nonresident personnel shall be limited to not more than \$500,000 in each  
37 taxable year.

38 (h) The maximum cumulative amount of all income tax credits  
39 awarded to a production company for a certified project for a taxable year  
40 shall not exceed 40% of the total qualified production expenditures or  
41 qualified postproduction expenditures made by the production company  
42 for that certified project during that taxable year.

43 (i) For purposes of determining the payment of credit claims pursuant

1 to this section, the secretary of revenue may require that credit claims of  
2 affiliates be combined into one claim if necessary to accurately reflect  
3 closely integrated activities of affiliates.

4 (j) If a production company hires another production company to  
5 produce a project or contribute elements of a project for pay, the hired  
6 company shall be considered a service provider for the hiring company,  
7 and the hiring company shall be entitled to the income tax credit  
8 authorized by this section.

9 (k) The tax credit allowed pursuant to this section may be transferred,  
10 in whole or in part, by the production company or, as provided by  
11 subsection (a), a shareholder, partner or member, to one or more  
12 transferees. The transferor shall provide notification and documentation of  
13 the transfer or transfers with its claim for a tax credit pursuant to  
14 subsection (b) filed with the secretary of revenue in such form and manner  
15 as may be required by the secretary of revenue, including all information  
16 requested by the secretary of revenue regarding the transferee. The  
17 transferor shall make the transfer within the calendar year in which the  
18 transferor's claim is made to the secretary of revenue. The credit shall only  
19 be transferred once. The transferor may transfer the credit to any  
20 individual or entity subject to income tax under the Kansas income tax act.  
21 The transferred credit shall be claimed by the transferee against the  
22 transferee's Kansas income tax liability in the *taxable* year the credit was  
23 transferred. The amount of the transferred credit that exceeds the  
24 transferee's tax liability for such year ~~shall be refunded to the transferee~~  
25 *may be carried over for deduction from the transferee's income tax*  
26 *liability in the next succeeding taxable year or years until the total*  
27 *amount of the tax credit has been deducted from the transferee's tax*  
28 *liability, except that no such tax credit shall be carried over for*  
29 *deduction after the 10<sup>th</sup> taxable year succeeding the taxable year in*  
30 *which the credit was transferred to the transferee.* The transferor or  
31 transferee shall provide such documentation of the transfer to the secretary  
32 of revenue as may be required by the secretary and at such time as may be  
33 required by the secretary.

34 (l) *The aggregate total amount of credits allowed under this section*  
35 *shall not exceed \$10,000,000 in a tax year. Ten percent of such*  
36 *aggregate total in each tax year shall be designated for tax credits to*  
37 *Kansas-based production companies.*

38 New Sec. 5. On or before January 31, 2024, and each January 31  
39 through January 31, 2033, the secretary of commerce shall submit an  
40 annual report to the house of representatives standing committees on  
41 commerce, labor and economic development and taxation and the senate  
42 standing committees on commerce and assessment and taxation. The  
43 report shall include the amounts and recipients of tax incentives approved

1 by the secretary pursuant to this act for the prior year and to the date of the  
2 report, anticipated tax incentive amounts for the current year, the  
3 production companies that have applied for and that have been certified for  
4 projects, a description of ongoing and completed projects and the impact  
5 of such projects and the program on the film, video or digital production  
6 industry in Kansas. The secretary of revenue shall provide the secretary of  
7 commerce with information as necessary for the report in accordance with  
8 the terms of the agreements required by section 3, and amendments  
9 thereto.

10 New Sec. 6. No sales tax exemption or income tax credit pursuant to  
11 this act shall apply or be awarded for expenditures made on or after  
12 January 1, 2033.

13 ~~New Sec. 7. (a) The secretary of commerce is hereby authorized and~~  
14 ~~empowered to award grants for educational purposes or programs to~~  
15 ~~develop and support the Kansas film and digital media industry. The~~  
16 ~~purpose of such grants is to develop, expand and improve Kansas~~  
17 ~~educational programs directly relevant to development and support of the~~  
18 ~~film and digital media industry in this state. The secretary is authorized to~~  
19 ~~award such grants to not-for-profit postsecondary educational institutions~~  
20 ~~with a main campus or principal operations in Kansas, including public or~~  
21 ~~private four-year universities or colleges, community colleges or technical~~  
22 ~~colleges established under the laws of this state or the Washburn institute~~  
23 ~~of technology. In awarding such grants, the secretary shall select such~~  
24 ~~institutions that are engaged in or that seek to engage in educational~~  
25 ~~programs or activities related to film, media, digital technology, gaming or~~  
26 ~~other evolving areas of the film and digital media industry in Kansas. The~~  
27 ~~secretary shall not award grants pursuant to this section on or after January~~  
28 ~~1, 2033.~~

29 ~~(b) (1) There is hereby established in the state treasury the Kansas~~  
30 ~~film and digital media production development act education fund to be~~  
31 ~~administered by the secretary of commerce. All moneys credited to such~~  
32 ~~fund shall be used to provide grants for the expansion of film and digital~~  
33 ~~media production-related education in the state of Kansas and the~~  
34 ~~administration of such fund. All expenditures from such fund shall be~~  
35 ~~made in accordance with the provisions of appropriation acts and upon~~  
36 ~~warrants of the director of accounts and reports issued pursuant to~~  
37 ~~vouchers approved by the secretary of commerce or the secretary's~~  
38 ~~designee.~~

39 ~~(2) The secretary shall remit any moneys received pursuant to any~~  
40 ~~penalties or any repayment obligations imposed by the secretary pursuant~~  
41 ~~to this section to the state treasurer in accordance with the provisions of~~  
42 ~~K.S.A. 75-4215, and amendments thereto. Upon receipt of each such~~  
43 ~~remittance, the state treasurer shall deposit the entire amount in the state~~

1 treasury to the credit of the Kansas film and digital media production  
2 development act education fund.

3 ~~(e) (1) Grants made by the secretary of commerce from the Kansas  
4 film and digital media production development act education fund shall be  
5 used for educational purposes, including, but not limited to:~~

6 ~~(A) Internships and apprenticeship programs;~~

7 ~~(B) scholarships and loan forgiveness programs;~~

8 ~~(C) curriculum development and staffing; or~~

9 ~~(D) resources such as lab facilities or equipment.~~

10 ~~(2) Such grants shall be awarded upon such terms and conditions as  
11 the secretary of commerce may deem appropriate. Such terms and  
12 conditions shall:~~

13 ~~(A) Require that scholarship or loan forgiveness programs that  
14 receive grant funding require student scholarship or loan forgiveness  
15 recipients to agree to reside in Kansas and work primarily in Kansas or  
16 with a Kansas-based company, when possible, for at least two years  
17 following completion of an educational program;~~

18 ~~(B) include specified objectives and milestones as agreed by the  
19 Kansas educational institution grant recipient and the secretary, including,  
20 but not limited to, graduate job placement goals; and~~

21 ~~(C) require the Kansas educational institution to provide information  
22 as requested by the secretary for purposes of administering the grant  
23 program, monitoring the use of funds and the achievement of milestones  
24 and objectives and preparation of the report required by subsection (e).~~

25 ~~(d) (1) Subject to appropriation acts, on July 1, 2023, and each July 1  
26 thereafter through July 1, 2032, the director of accounts and reports shall  
27 transfer \$1,000,000 from the state general fund to the Kansas film and  
28 digital media production development act education fund. Any  
29 unexpended balance in such fund at the close of a fiscal year shall remain  
30 credited to the fund for use in the succeeding fiscal year.~~

31 ~~(2) On January 1, 2033, the director of accounts and reports shall  
32 transfer all unencumbered moneys in the Kansas film and digital media  
33 production development act education fund to the state general fund. After  
34 such transfer and the disbursement of any encumbered funds pursuant to  
35 grant awards made prior to January 1, 2033, the Kansas film and digital  
36 media production development act education fund shall be abolished.  
37 Upon abolishment of such fund, all liabilities of the Kansas film and  
38 digital media production development act education fund shall be  
39 transferred to and imposed on the state general fund.~~

40 ~~(e) On or before January 31, 2024, and each January 31 through  
41 January 31, 2033, the secretary of commerce shall submit an annual report  
42 to the house of representatives standing committee on commerce, labor  
43 and economic development and the senate standing committee on~~

1 commerce on the administration of the Kansas film and digital media  
2 production development act education fund and all grants awarded from  
3 the fund. Such report shall contain specific and aggregate information  
4 regarding all expenditures from the fund, the Kansas educational  
5 institutions receiving grants, the amount of funds expended for each grant,  
6 the reason and purpose for which each grant was approved, including how  
7 it was intended to further the purposes of the fund, the actual use of such  
8 grant funds by the Kansas educational institution and the accomplishment  
9 or progress made by the educational institution toward agreed milestones  
10 and objectives.

11 New Sec. 8. (a) The secretary of commerce is hereby authorized and  
12 empowered to award grants or loans from the Kansas film and digital  
13 media production development act workforce training and business direct  
14 investment fund in connection with projects certified by the secretary  
15 pursuant to section 3, and amendments thereto. The secretary shall award  
16 such grants or loans for the purpose of facilitating and supporting certified  
17 projects and developing the Kansas film and digital media industry by  
18 funding workforce training and by investing directly in Kansas companies  
19 engaged in or seeking to engage in certified projects. The secretary shall  
20 not award grants or loans pursuant to this section on or after January 1,  
21 2033.

22 (b) (1) There is hereby established in the state treasury the Kansas  
23 film and digital media production development act workforce training and  
24 business direct investment fund to be administered by the secretary of  
25 commerce. All moneys credited to such fund shall be used to provide  
26 grants or loans as provided by this section for the support of workforce  
27 training and direct investment in Kansas companies in relation to certified  
28 film or digital media production projects, the development of the Kansas  
29 film and digital media industry and the administration of such fund. All  
30 expenditures from such fund shall be made in accordance with the  
31 provisions of appropriation acts and upon warrants of the director of  
32 accounts and reports issued pursuant to vouchers approved by the  
33 secretary of commerce or the secretary's designee.

34 (2) The secretary of commerce shall remit any moneys received  
35 pursuant to loan repayments, interest, any penalties or any other repayment  
36 obligations imposed by the secretary pursuant to this section to the state  
37 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
38 amendments thereto. Upon receipt of each such remittance, the state  
39 treasurer shall deposit the entire amount in the state treasury to the credit  
40 of the Kansas film and digital media production development act  
41 workforce training and business direct investment fund.

42 (c) (1) Grants made by the secretary of commerce from the Kansas  
43 film and digital media production development act workforce training and

1 business direct investment fund shall be used for workforce development  
2 purposes, including, but not limited to:

3 (A) ~~Apprenticeship programs for Kansas residents;~~

4 (B) ~~crew training for Kansas residents, including:~~

5 (i) ~~Training provided by not-for-profit postsecondary educational~~  
6 ~~institutions with a main campus or principal operations in Kansas selected~~  
7 ~~by the secretary, including four-year public or private educational~~  
8 ~~institutions, public community colleges or public technical schools~~  
9 ~~established under the laws of this state or the Washburn institute of~~  
10 ~~technology; or~~

11 (ii) ~~employee training provided by any production company or a~~  
12 ~~Kansas company involved in the film and digital media industry and~~  
13 ~~engaged in a certified project; or~~

14 (C) ~~development of training models, in coordination and cooperation~~  
15 ~~with the film and digital media production industry, for use by Kansas~~  
16 ~~educational institutions.~~

17 (2) ~~Such grants shall be upon such terms and conditions as the~~  
18 ~~secretary of commerce may deem appropriate. Such terms and conditions~~  
19 ~~shall include an agreement by the grant recipient to provide information as~~  
20 ~~requested by the secretary for purposes of administering the grant~~  
21 ~~program, monitoring the use of funds and preparation of the report~~  
22 ~~required by subsection (f).~~

23 (d) (1) ~~Direct investments made by the secretary of commerce from~~  
24 ~~the Kansas film and digital media production development act workforce~~  
25 ~~training and business direct investment fund shall be used for investing in~~  
26 ~~Kansas film and digital media production industry companies that will or~~  
27 ~~seek to be engaged in certified projects, including Kansas-based~~  
28 ~~production companies or Kansas businesses that are offering personnel,~~  
29 ~~services, facilities, leases or rentals or that are offering, engaged in or~~  
30 ~~seeking to engage in other production or postproduction-related business~~  
31 ~~activities. Investments may be made in Kansas start-ups, Kansas~~  
32 ~~businesses seeking to expand into the film and digital media production~~  
33 ~~industry or established Kansas businesses in such industry.~~

34 (2) ~~Direct investments shall be comprised of a loan component in the~~  
35 ~~amount of 80% and a grant component in the amount of 20% of the total~~  
36 ~~award of funds to the recipient. The investment shall be made upon such~~  
37 ~~terms and conditions as the secretary of commerce may deem appropriate.~~  
38 ~~Such terms and conditions shall:~~

39 (A) ~~Include specified objectives and milestones as required by the~~  
40 ~~secretary and provisions for repayment of the grant or loan if conditions~~  
41 ~~specified by the secretary are not met; and~~

42 (B) ~~require the recipient to provide information as requested by the~~  
43 ~~secretary for purposes of administering the direct investment program;~~

1 monitoring the use of funds and achievement of milestones and objectives  
2 and preparation of the report required by subsection (f).

3 ~~(e) (1) Subject to appropriation acts, on July 1, 2024, and each July 1~~  
4 ~~thereafter through July 1, 2032, the director of accounts and reports shall~~  
5 ~~transfer \$1,000,000 from the state general fund to the Kansas film and~~  
6 ~~digital media production development act workforce training and business~~  
7 ~~direct investment fund. Any unexpended balance in such fund at the close~~  
8 ~~of a fiscal year shall remain credited to the fund for use in the succeeding~~  
9 ~~fiscal year.~~

10 ~~(2) On January 1, 2033, the director of accounts and reports shall~~  
11 ~~transfer all unencumbered moneys in the Kansas film and digital media~~  
12 ~~production development act workforce training and business direct~~  
13 ~~investment fund to the state general fund. After such transfer and the~~  
14 ~~disbursement of any encumbered funds pursuant to awards made prior to~~  
15 ~~January 1, 2033, the Kansas film and digital media production~~  
16 ~~development act workforce training and business direct investment fund~~  
17 ~~shall be abolished. Upon abolishment of such fund, all liabilities of the~~  
18 ~~Kansas film and digital media production development act workforce~~  
19 ~~training and business direct investment fund shall be transferred to and~~  
20 ~~imposed on the state general fund.~~

21 ~~(f) On or before January 31, 2024, and each January 31 thereafter~~  
22 ~~through January 31, 2033, the secretary of commerce shall submit an~~  
23 ~~annual report to the house of representatives standing committee on~~  
24 ~~commerce, labor and economic development and the senate standing~~  
25 ~~committee on commerce on the administration of the Kansas film and~~  
26 ~~digital media production development act workforce training and business~~  
27 ~~direct investment fund and all grants or loans awarded from the fund. Such~~  
28 ~~report shall contain specific and aggregate information regarding all~~  
29 ~~expenditures from the fund, the businesses or Kansas postsecondary~~  
30 ~~educational institutions receiving funds, the amount of funds expended for~~  
31 ~~each grant or loan, the reason and purpose for which each grant or loan~~  
32 ~~was approved, including how it was intended to further the purposes of the~~  
33 ~~Kansas film and digital media production development act project~~  
34 ~~workforce training and business direct investment fund, the actual use of~~  
35 ~~the grant or loan funds by the recipient and the accomplishment of or~~  
36 ~~progress made toward agreed milestones and objectives.~~

37 *{New Sec. 7. (a) The secretary of commerce is hereby authorized*  
38 *and empowered to award grants for educational purposes or programs*  
39 *to develop and support the Kansas film and digital media industry. The*  
40 *purpose of such grants is to develop, expand and improve Kansas*  
41 *educational programs directly relevant to development and support of*  
42 *the film and digital media industry in this state. The secretary is*  
43 *authorized to award such grants to not-for-profit postsecondary*

1 *educational institutions with a main campus or principal operations in*  
2 *Kansas, including public or private four-year universities or colleges,*  
3 *community colleges or technical colleges established under the laws of*  
4 *this state or the Washburn institute of technology. In awarding such*  
5 *grants, the secretary shall select such institutions that are engaged in or*  
6 *that seek to engage in educational programs or activities related to film,*  
7 *media, digital technology, gaming or other evolving areas of the film and*  
8 *digital media industry in Kansas. The secretary shall not award grants*  
9 *pursuant to this section on or after January 1, 2033.*

10 *(b) (1) There is hereby established in the state treasury the Kansas*  
11 *film and digital media production development act education fund to be*  
12 *administered by the secretary of commerce. All moneys credited to such*  
13 *fund shall be used to provide grants for the expansion of film and digital*  
14 *media production-related education in the state of Kansas and the*  
15 *administration of such fund. All expenditures from such fund shall be*  
16 *made in accordance with the provisions of appropriation acts and upon*  
17 *warrants of the director of accounts and reports issued pursuant to*  
18 *vouchers approved by the secretary of commerce or the secretary's*  
19 *designee.*

20 *(2) The secretary shall remit any moneys received pursuant to any*  
21 *penalties or any repayment obligations imposed by the secretary*  
22 *pursuant to this section to the state treasurer in accordance with the*  
23 *provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of*  
24 *each such remittance, the state treasurer shall deposit the entire amount*  
25 *in the state treasury to the credit of the Kansas film and digital media*  
26 *production development act education fund.*

27 *(c) (1) Grants made by the secretary of commerce from the Kansas*  
28 *film and digital media production development act education fund shall*  
29 *be used for educational purposes, including, but not limited to:*

30 *(A) Internships and apprenticeship programs;*

31 *(B) scholarships;*

32 *(C) curriculum development and staffing; or*

33 *(D) resources such as lab facilities or equipment.*

34 *(2) Such grants shall be awarded upon such terms and conditions*  
35 *as the secretary of commerce may deem appropriate. Such terms and*  
36 *conditions shall:*

37 *(A) Require that scholarship programs that receive grant funding*  
38 *require student scholarship recipients to agree to reside in Kansas and*  
39 *work primarily in Kansas or with a Kansas-based company, when*  
40 *possible, for at least two years following completion of an educational*  
41 *program;*

42 *(B) include specified objectives and milestones as agreed by the*  
43 *Kansas educational institution grant recipient and the secretary,*

1 *including, but not limited to, graduate job placement goals; and*

2 *(C) require the Kansas educational institution to provide*  
3 *information as requested by the secretary for purposes of administering*  
4 *the grant program, monitoring the use of funds and the achievement of*  
5 *milestones and objectives and preparation of the report required by*  
6 *subsection (e).*

7 *(d) (1) Subject to appropriation acts, on July 1, 2023, and each July*  
8 *1 thereafter through July 1, 2032, the director of accounts and reports*  
9 *shall transfer \$1,000,000 from the state general fund to the Kansas film*  
10 *and digital media production development act education fund. Any*  
11 *unexpended balance in such fund at the close of a fiscal year shall*  
12 *remain credited to the fund for use in the succeeding fiscal year.*

13 *(2) On January 1, 2033, the director of accounts and reports shall*  
14 *transfer all unencumbered moneys in the Kansas film and digital media*  
15 *production development act education fund to the state general fund.*  
16 *After such transfer and the disbursement of any encumbered funds*  
17 *pursuant to grant awards made prior to January 1, 2033, the Kansas*  
18 *film and digital media production development act education fund shall*  
19 *be abolished. Upon abolishment of such fund, all liabilities of the*  
20 *Kansas film and digital media production development act education*  
21 *fund shall be transferred to and imposed on the state general fund.*

22 *(e) On or before January 31, 2024, and each January 31 through*  
23 *January 31, 2033, the secretary of commerce shall submit an annual*  
24 *report to the house of representatives standing committee on commerce,*  
25 *labor and economic development and the senate standing committee on*  
26 *commerce on the administration of the Kansas film and digital media*  
27 *production development act education fund and all grants awarded from*  
28 *the fund. Such report shall contain specific and aggregate information*  
29 *regarding all expenditures from the fund, the Kansas educational*  
30 *institutions receiving grants, the amount of funds expended for each*  
31 *grant, the reason and purpose for which each grant was approved,*  
32 *including how it was intended to further the purposes of the fund, the*  
33 *actual use of such grant funds by the Kansas educational institution and*  
34 *the accomplishment or progress made by the educational institution*  
35 *toward agreed milestones and objectives.*

36 *New Sec. 8. (a) The secretary of commerce is hereby authorized*  
37 *and empowered to award grants or loans from the Kansas film and*  
38 *digital media production development act workforce training and*  
39 *business direct investment fund in connection with projects certified by*  
40 *the secretary pursuant to section 3, and amendments thereto. The*  
41 *secretary shall award such grants or loans for the purpose of facilitating*  
42 *and supporting certified projects and developing the Kansas film and*  
43 *digital media industry by funding workforce training and by investing*

1 *directly in Kansas companies engaged in or seeking to engage in*  
2 *certified projects. The secretary shall not award grants or loans*  
3 *pursuant to this section on or after January 1, 2033.*

4 *(b) (1) There is hereby established in the state treasury the Kansas*  
5 *film and digital media production development act workforce training*  
6 *and business direct investment fund to be administered by the secretary*  
7 *of commerce. All moneys credited to such fund shall be used to provide*  
8 *grants or loans as provided by this section for the support of workforce*  
9 *training and direct investment in Kansas companies in relation to*  
10 *certified film or digital media production projects, the development of*  
11 *the Kansas film and digital media industry and the administration of*  
12 *such fund. All expenditures from such fund shall be made in accordance*  
13 *with the provisions of appropriation acts and upon warrants of the*  
14 *director of accounts and reports issued pursuant to vouchers approved*  
15 *by the secretary of commerce or the secretary's designee.*

16 *(2) The secretary of commerce shall remit any moneys received*  
17 *pursuant to loan repayments, interest, any penalties or any other*  
18 *repayment obligations imposed by the secretary pursuant to this section*  
19 *to the state treasurer in accordance with the provisions of K.S.A. 75-*  
20 *4215, and amendments thereto. Upon receipt of each such remittance,*  
21 *the state treasurer shall deposit the entire amount in the state treasury to*  
22 *the credit of the Kansas film and digital media production development*  
23 *act workforce training and business direct investment fund.*

24 *(c) (1) Grants made by the secretary of commerce from the Kansas*  
25 *film and digital media production development act workforce training*  
26 *and business direct investment fund shall be used for workforce*  
27 *development purposes, including, but not limited to:*

28 *(A) Apprenticeship programs for Kansas residents;*

29 *(B) crew training for Kansas residents, including:*

30 *(i) Training provided by not-for-profit postsecondary educational*  
31 *institutions with a main campus or principal operations in Kansas*  
32 *selected by the secretary, including four-year public or private*  
33 *educational institutions, public community colleges or public technical*  
34 *schools established under the laws of this state or the Washburn institute*  
35 *of technology; or*

36 *(ii) employee training provided by any production company or a*  
37 *Kansas company involved in the film and digital media industry and*  
38 *engaged in a certified project; or*

39 *(C) development of training models, in coordination and*  
40 *cooperation with the film and digital media production industry, for use*  
41 *by Kansas educational institutions.*

42 *(2) Such grants shall be upon such terms and conditions as the*  
43 *secretary of commerce may deem appropriate. Such terms and*

1 *conditions shall include an agreement by the grant recipient to provide*  
2 *information as requested by the secretary for purposes of administering*  
3 *the grant program, monitoring the use of funds and preparation of the*  
4 *report required by subsection (f).*

5 *(d) (1) Direct investments made by the secretary of commerce from*  
6 *the Kansas film and digital media production development act workforce*  
7 *training and business direct investment fund shall be used for investing*  
8 *in Kansas film and digital media production industry companies that*  
9 *will or seek to be engaged in certified projects, including Kansas-based*  
10 *production companies or Kansas businesses that are offering personnel,*  
11 *services, facilities, leases or rentals or that are offering, engaged in or*  
12 *seeking to engage in other production or postproduction-related*  
13 *business activities. Investments may be made in Kansas start-ups,*  
14 *Kansas businesses seeking to expand into the film and digital media*  
15 *production industry or established Kansas businesses in such industry.*

16 *(2) Direct investments shall be comprised of a loan component in*  
17 *the amount of 80% and a grant component in the amount of 20% of the*  
18 *total award of funds to the recipient. The investment shall be made upon*  
19 *such terms and conditions as the secretary of commerce may deem*  
20 *appropriate. Such terms and conditions shall:*

21 *(A) Include specified objectives and milestones as required by the*  
22 *secretary and provisions for repayment of the grant or loan if conditions*  
23 *specified by the secretary are not met; and*

24 *(B) require the recipient to provide information as requested by the*  
25 *secretary for purposes of administering the direct investment program,*  
26 *monitoring the use of funds and achievement of milestones and*  
27 *objectives and preparation of the report required by subsection (f).*

28 *(e) (1) Subject to appropriation acts, on July 1, 2024, and each July*  
29 *1 thereafter through July 1, 2032, the director of accounts and reports*  
30 *shall transfer \$1,000,000 from the state general fund to the Kansas film*  
31 *and digital media production development act workforce training and*  
32 *business direct investment fund. Any unexpended balance in such fund*  
33 *at the close of a fiscal year shall remain credited to the fund for use in*  
34 *the succeeding fiscal year.*

35 *(2) On January 1, 2033, the director of accounts and reports shall*  
36 *transfer all unencumbered moneys in the Kansas film and digital media*  
37 *production development act workforce training and business direct*  
38 *investment fund to the state general fund. After such transfer and the*  
39 *disbursement of any encumbered funds pursuant to awards made prior*  
40 *to January 1, 2033, the Kansas film and digital media production*  
41 *development act workforce training and business direct investment fund*  
42 *shall be abolished. Upon abolishment of such fund, all liabilities of the*  
43 *Kansas film and digital media production development act workforce*

1 *training and business direct investment fund shall be transferred to and*  
2 *imposed on the state general fund.*

3 *(f) On or before January 31, 2024, and each January 31 thereafter*  
4 *through January 31, 2033, the secretary of commerce shall submit an*  
5 *annual report to the house of representatives standing committee on*  
6 *commerce, labor and economic development and the senate standing*  
7 *committee on commerce on the administration of the Kansas film and*  
8 *digital media production development act workforce training and*  
9 *business direct investment fund and all grants or loans awarded from*  
10 *the fund. Such report shall contain specific and aggregate information*  
11 *regarding all expenditures from the fund, the businesses or Kansas*  
12 *postsecondary educational institutions receiving funds, the amount of*  
13 *funds expended for each grant or loan, the reason and purpose for*  
14 *which each grant or loan was approved, including how it was intended*  
15 *to further the purposes of the Kansas film and digital media production*  
16 *development act project workforce training and business direct*  
17 *investment fund, the actual use of the grant or loan funds by the*  
18 *recipient and the accomplishment of or progress made toward agreed*  
19 *milestones and objectives.}*

20 ~~Sec. 9-7.~~ {9.} K.S.A. 2022 Supp. 79-3606 is hereby amended to read  
21 as follows: 79-3606. The following shall be exempt from the tax imposed  
22 by this act:

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

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

1 organization purposes, except when: (1) Such state, hospital or public  
2 hospital authority is engaged or proposes to engage in any business  
3 specifically taxable under the provisions of this act and such items of  
4 tangible personal property or service are used or proposed to be used in  
5 such business; or (2) such political subdivision is engaged or proposes to  
6 engage in the business of furnishing gas, electricity or heat to others and  
7 such items of personal property or service are used or proposed to be used  
8 in such business;

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

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 that 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 that would be  
38 exempt from taxation under the provisions of this act if purchased directly  
39 by such political subdivision or district. Nothing in this subsection or in  
40 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 that are to be leased to the donor. When  
7 any political subdivision of the state, district described in subsection (s),  
8 public or private nonprofit hospital or public hospital authority, public or  
9 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 that will not  
35 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 K.S.A.  
8 79-3615(h), and amendments thereto;

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

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

43 (g) sales of aircraft including remanufactured and modified aircraft

1 sold to persons using directly or through an authorized agent such aircraft  
2 as certified or licensed carriers of persons or property in interstate or  
3 foreign commerce under authority of the laws of the United States or any  
4 foreign government or sold to any foreign government or agency or  
5 instrumentality of such foreign government and all sales of aircraft for use  
6 outside of the United States and sales of aircraft repair, modification and  
7 replacement parts and sales of services employed in the remanufacture,  
8 modification and repair of aircraft;

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

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

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

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

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

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

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

1 consumption in such production, manufacture, processing, mining,  
2 drilling, refining, compounding, treating, irrigation and in providing such  
3 services;

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

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

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

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

1 replacement parts for same worn on or in the body to artificially replace a  
2 missing portion of the body, prevent or correct physical deformity or  
3 malfunction or support a weak or deformed portion of the body;

4 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,  
5 all sales of tangible personal property or services purchased directly or  
6 indirectly by a groundwater management district organized or operating  
7 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,  
8 by a rural water district organized or operating under the authority of  
9 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
10 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
11 3522 et seq. or 19-3545, and amendments thereto, which property or  
12 services are used in the construction activities, operation or maintenance of  
13 the district;

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

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

43 (v) all sales of tangible personal property to any contractor for use in

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

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

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

27 (y) all sales of materials and services used in the repairing, servicing,  
28 altering, maintaining, manufacturing, remanufacturing, or modification of  
29 railroad rolling stock for use in interstate or foreign commerce under  
30 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 that is  
35 transported into the state from without the state for repair, service,  
36 alteration, maintenance, remanufacture or modification and that 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 used  
41 in this subsection: (1) "Mobile homes" and "manufactured homes" mean  
42 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)  
43 "sales of used mobile homes or manufactured homes" means sales other

1 than the original retail sale thereof;

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

1 be effective for a two-year period or for the term of the project, whichever  
2 occurs earlier;

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

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

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

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

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

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

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

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

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

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

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

13 (2) For purposes of this subsection:

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

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

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

38 (D) "manufacturing or processing business" means a business that  
39 utilizes an integrated production operation to manufacture, process,  
40 fabricate, finish or assemble items for wholesale and retail distribution as  
41 part of what is commonly regarded by the general public as an industrial  
42 manufacturing or processing operation or an agricultural commodity  
43 processing operation. (i) Industrial manufacturing or processing operations

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

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

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

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

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

42 (B) transport, convey, handle or store the property undergoing  
43 manufacturing or processing at any point from the beginning of the

1 production line through any warehousing or distribution operation of the  
2 final product that occurs at the plant or facility;

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

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

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

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

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

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

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

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

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

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

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

36 (4) The following machinery, equipment and materials shall be  
37 deemed to be exempt even though it may not otherwise qualify as  
38 machinery and equipment used as an integral or essential part of an  
39 integrated production operation: (A) Computers and related peripheral  
40 equipment that are utilized by a manufacturing or processing business for  
41 engineering of the finished product or for research and development or  
42 product design; (B) machinery and equipment that is utilized by a  
43 manufacturing or processing business to manufacture or rebuild tangible

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

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

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

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

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

33 (D) office machines and equipment including computers and related  
34 peripheral equipment not used directly and primarily to control or measure  
35 the manufacturing process;

36 (E) furniture and other furnishings;

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

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

43 (H) machinery and equipment used for general plant heating, cooling

1 and lighting;

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

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

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

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

17 (II) all sales of educational materials purchased for distribution to the  
18 public at no charge by a nonprofit corporation organized for the purpose of  
19 encouraging, fostering and conducting programs for the improvement of  
20 public health, except that for taxable years commencing after December  
21 31, 2013, this subsection shall not apply to any sales of such materials  
22 purchased by a nonprofit corporation which performs any abortion, as  
23 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

43 (rr) all sales of tangible personal property that will admit the

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

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

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

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

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

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

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

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

34 (4) the American diabetes association Kansas affiliate, inc. for the  
35 purpose of eliminating diabetes through medical research, public education  
36 focusing on disease prevention and education, patient education including  
37 information on coping with diabetes, and professional education and  
38 training;

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

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

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

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

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

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

17 (11) the spina bifida association of Kansas for the purpose of  
18 providing financial, educational and practical aid to families and  
19 individuals with spina bifida. Such aid includes, but is not limited to,  
20 funding for medical devices, counseling and medical educational  
21 opportunities;

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

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

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

32 (15) the KSDS, Inc., for the purpose of promoting the independence  
33 and inclusion of people with disabilities as fully participating and  
34 contributing members of their communities and society through the  
35 training and providing of guide and service dogs to people with  
36 disabilities, and providing disability education and awareness to the  
37 general public;

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

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

43 (18) the Ottawa Suzuki strings, inc., for the purpose of providing

1 students and families with education and resources necessary to enable  
2 each child to develop fine character and musical ability to the fullest  
3 potential;

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

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

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

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

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

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

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

26 (xx) all sales of tangible personal property and services purchased by  
27 a nonprofit zoo that is exempt from federal income taxation pursuant to  
28 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
29 of such zoo by an entity itself exempt from federal income taxation  
30 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
31 contracted with to operate such zoo and all sales of tangible personal  
32 property or services purchased by a contractor for the purpose of  
33 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
34 furnishing or remodeling facilities for any nonprofit zoo that would be  
35 exempt from taxation under the provisions of this section if purchased  
36 directly by such nonprofit zoo or the entity operating such zoo. Nothing in  
37 this subsection shall be deemed to exempt the purchase of any construction  
38 machinery, equipment or tools used in the constructing, equipping,  
39 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
40 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for  
41 the purpose of constructing, equipping, reconstructing, maintaining,  
42 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
43 from the state and furnish to the contractor an exemption certificate for the

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

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

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

40 (aaa) all sales of tangible personal property and services purchased by  
41 a religious organization that is exempt from federal income taxation  
42 pursuant to section 501(c)(3) of the federal internal revenue code, and used  
43 exclusively for religious purposes, and all sales of tangible personal

1 property or services purchased by a contractor for the purpose of  
2 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
3 furnishing or remodeling facilities for any such organization that would be  
4 exempt from taxation under the provisions of this section if purchased  
5 directly by such organization. Nothing in this subsection shall be deemed  
6 to exempt the purchase of any construction machinery, equipment or tools  
7 used in the constructing, equipping, reconstructing, maintaining, repairing,  
8 enlarging, furnishing or remodeling facilities for any such organization.  
9 When any such organization shall contract for the purpose of constructing,  
10 equipping, 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. The  
14 contractor shall furnish the number of such certificate to all suppliers from  
15 whom such purchases are made, and such suppliers shall execute invoices  
16 covering the same bearing the number of such certificate. Upon  
17 completion of the project the contractor shall furnish to such organization  
18 concerned a sworn statement, on a form to be provided by the director of  
19 taxation, that all purchases so made were entitled to exemption under this  
20 subsection. All invoices shall be held by the contractor for a period of five  
21 years and shall be subject to audit by the director of taxation. If any  
22 materials purchased under such a certificate are found not to have been  
23 incorporated in the building or other project or not to have been returned  
24 for credit or the sales or compensating tax otherwise imposed upon such  
25 materials that will not be so incorporated in the building or other project  
26 reported and paid by such contractor to the director of taxation not later  
27 than the 20<sup>th</sup> day of the month following the close of the month in which it  
28 shall be determined that such materials will not be used for the purpose for  
29 which such certificate was issued, such organization concerned shall be  
30 liable for tax on all materials purchased for the project, and upon payment  
31 thereof it may recover the same from the contractor together with  
32 reasonable attorney fees. Any contractor or any agent, employee or  
33 subcontractor thereof, who shall use or otherwise dispose of any materials  
34 purchased under such a certificate for any purpose other than that for  
35 which such a certificate is issued without the payment of the sales or  
36 compensating tax otherwise imposed upon such materials, shall be guilty  
37 of a misdemeanor and, upon conviction therefor, shall be subject to the  
38 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.  
39 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
40 this act upon the gross receipts received from any sale exempted by the  
41 amendatory provisions of this subsection shall be refunded. Each claim for  
42 a sales tax refund shall be verified and submitted to the director of taxation  
43 upon 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 subsection. 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 or the  
6 director's designee;

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

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

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

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

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

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

1 storage equipment shall include aeration, dust control, cleaning, handling  
2 and other such equipment that is used in a public grain warehouse or other  
3 commercial grain storage facility, whether used for grain handling, grain  
4 storage, grain refining or processing, or other grain treatment operation;

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

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

13 (iii) all sales of personal property and services purchased by an  
14 organization that is exempt from federal income taxation pursuant to  
15 section 501(c)(3) of the federal internal revenue code of 1986, and such  
16 personal property and services are used by any such organization in the  
17 collection, storage and distribution of food products to nonprofit  
18 organizations that distribute such food products to persons pursuant to a  
19 food distribution program on a charitable basis without fee or charge, and  
20 all sales of tangible personal property or services purchased by a  
21 contractor for the purpose of constructing, equipping, reconstructing,  
22 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
23 for the collection and storage of such food products for any such  
24 organization which is exempt from federal income taxation pursuant to  
25 section 501(c)(3) of the federal internal revenue code of 1986, that would  
26 be exempt from taxation under the provisions of this section if purchased  
27 directly by such organization. Nothing in this subsection shall be deemed  
28 to exempt the purchase of any construction machinery, equipment or tools  
29 used in the constructing, equipping, reconstructing, maintaining, repairing,  
30 enlarging, furnishing or remodeling facilities for any such organization.  
31 When any such organization shall contract for the purpose of constructing,  
32 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
33 remodeling facilities, it shall obtain from the state and furnish to the  
34 contractor an exemption certificate for the project involved, and the  
35 contractor may purchase materials for incorporation in such project. The  
36 contractor shall furnish the number of such certificate to all suppliers from  
37 whom such purchases are made, and such suppliers shall execute invoices  
38 covering the same bearing the number of such certificate. Upon  
39 completion of the project the contractor shall furnish to such organization  
40 concerned a sworn statement, on a form to be provided by the director of  
41 taxation, that all purchases so made were entitled to exemption under this  
42 subsection. All invoices shall be held by the contractor for a period of five  
43 years and shall be subject to audit by the director of taxation. If any

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

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

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

1 special olympics Kansas, inc. for the purpose of providing year-round  
2 sports training and athletic competition in a variety of olympic-type sports  
3 for individuals with intellectual disabilities by giving them continuing  
4 opportunities to develop physical fitness, demonstrate courage, experience  
5 joy and participate in a sharing of gifts, skills and friendship with their  
6 families, other special olympics athletes and the community, and activities  
7 provided or sponsored by such organization, and all sales of tangible  
8 personal property by or on behalf of any such organization;

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

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

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

24 (ppp) all sales of tangible personal property and services purchased  
25 by or on behalf of a homeless shelter that is exempt from federal income  
26 taxation pursuant to section 501(c)(3) of the federal income tax code of  
27 1986, and used by any such homeless shelter to provide emergency and  
28 transitional housing for individuals and families experiencing  
29 homelessness, and all sales of any such property by or on behalf of any  
30 such homeless shelter for any such purpose;

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

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

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

41 (sss) all sales of tangible personal property and services purchased by  
42 catholic charities or youthville, hereinafter referred to as charitable family  
43 providers, which is exempt from federal income taxation pursuant to

1 section 501(c)(3) of the federal internal revenue code of 1986, and which  
2 such property and services are used for the purpose of providing  
3 emergency shelter and treatment for abused and neglected children as well  
4 as meeting additional critical needs for children, juveniles and family, and  
5 all sales of any such property by or on behalf of charitable family  
6 providers for any such purpose; and all sales of tangible personal property  
7 or services purchased by a contractor for the purpose of constructing,  
8 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
9 the operation of services for charitable family providers for any such  
10 purpose which would be exempt from taxation under the provisions of this  
11 section if purchased directly by charitable family providers. Nothing in  
12 this subsection shall be deemed to exempt the purchase of any construction  
13 machinery, equipment or tools used in the constructing, maintaining,  
14 repairing, enlarging, furnishing or remodeling such facilities for charitable  
15 family providers. When charitable family providers contracts for the  
16 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
17 remodeling such facilities, it shall obtain from the state and furnish to the  
18 contractor an exemption certificate for the project involved, and the  
19 contractor may purchase materials for incorporation in such project. The  
20 contractor shall furnish the number of such certificate to all suppliers from  
21 whom such purchases are made, and such suppliers shall execute invoices  
22 covering the same bearing the number of such certificate. Upon  
23 completion of the project the contractor shall furnish to charitable family  
24 providers a sworn statement, on a form to be provided by the director of  
25 taxation, that all purchases so made were entitled to exemption under this  
26 subsection. All invoices shall be held by the contractor for a period of five  
27 years and shall be subject to audit by the director of taxation. If any  
28 materials purchased under such a certificate are found not to have been  
29 incorporated in the building or other project or not to have been returned  
30 for credit or the sales or compensating tax otherwise imposed upon such  
31 materials that will not be so incorporated in the building or other project  
32 reported and paid by such contractor to the director of taxation not later  
33 than the 20<sup>th</sup> day of the month following the close of the month in which it  
34 shall be determined that such materials will not be used for the purpose for  
35 which such certificate was issued, charitable family providers shall be  
36 liable for tax on all materials purchased for the project, and upon payment  
37 thereof it may recover the same from the contractor together with  
38 reasonable attorney fees. Any contractor or any agent, employee or  
39 subcontractor thereof, who shall use or otherwise dispose of any materials  
40 purchased under such a certificate for any purpose other than that for  
41 which such a certificate is issued without the payment of the sales or  
42 compensating tax otherwise imposed upon such materials, shall be guilty  
43 of a misdemeanor and, upon conviction therefor, shall be subject to the

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

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

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

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

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

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

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

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

33 (yyy) all sales of tangible personal property and services purchased  
34 by TLC charities foundation, inc., hereinafter referred to as TLC charities,  
35 which is exempt from federal income taxation pursuant to section 501(c)  
36 (3) of the federal internal revenue code of 1986, and which such property  
37 and services are used for the purpose of encouraging private philanthropy  
38 to further the vision, values, and goals of TLC for children and families,  
39 inc.; and all sales of such property and services by or on behalf of TLC  
40 charities for any such purpose and all sales of tangible personal property or  
41 services purchased by a contractor for the purpose of constructing,  
42 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
43 the operation of services for TLC charities for any such purpose that would

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

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

40 (aaaa) all sales of personal property and services purchased by or on  
41 behalf of victory in the valley, inc., which is exempt from federal income  
42 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
43 for the purpose of providing a cancer support group and services for

1 persons with cancer, and all sales of any such property by or on behalf of  
2 any such organization for any such purpose;

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

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

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

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

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

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

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

35 (hhhh) all sales of tangible personal property or services purchased  
36 on or after July 1, 2014, for the purpose of and in conjunction with  
37 constructing, reconstructing, enlarging or remodeling a business identified  
38 under the North American industry classification system (NAICS)  
39 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
40 installation of machinery and equipment purchased for installation at any  
41 such business. The exemption provided in this subsection shall not apply  
42 to projects that have actual total costs less than \$50,000. When a person  
43 contracts for the construction, reconstruction, enlargement or remodeling

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

20 (iiii) all sales of tangible personal property or services purchased by a  
21 contractor for the purpose of constructing, maintaining, repairing,  
22 enlarging, furnishing or remodeling facilities for the operation of services  
23 for Wichita children's home for any such purpose that would be exempt  
24 from taxation under the provisions of this section if purchased directly by  
25 Wichita children's home. Nothing in this subsection shall be deemed to  
26 exempt the purchase of any construction machinery, equipment or tools  
27 used in the constructing, maintaining, repairing, enlarging, furnishing or  
28 remodeling such facilities for Wichita children's home. When Wichita  
29 children's home contracts for the purpose of constructing, maintaining,  
30 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
31 from the state and furnish to the contractor an exemption certificate for the  
32 project involved, and the contractor may purchase materials for  
33 incorporation in such project. The contractor shall furnish the number of  
34 such certificate to all suppliers from whom such purchases are made, and  
35 such suppliers shall execute invoices covering the same bearing the  
36 number of such certificate. Upon completion of the project, the contractor  
37 shall furnish to Wichita children's home 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 the  
41 director of taxation. If any materials purchased under such a certificate are  
42 found not to have been incorporated in the building or other project or not  
43 to have been returned for credit or the sales or compensating tax otherwise

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

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

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

27 (llll) all sales of tangible personal property and services purchased by  
28 Gove county healthcare endowment foundation, inc., which is exempt  
29 from federal income taxation pursuant to section 501(c)(3) of the federal  
30 internal revenue code of 1986, and which such property and services are  
31 used for the purpose of constructing and equipping an airport in Quinter,  
32 Kansas, and all sales of tangible personal property or services purchased  
33 by a contractor for the purpose of constructing and equipping an airport in  
34 Quinter, Kansas, for such organization, that would be exempt from  
35 taxation under the provisions of this section if purchased directly by such  
36 organization. Nothing in this subsection shall be deemed to exempt the  
37 purchase of any construction machinery, equipment or tools used in the  
38 constructing or equipping of facilities for such organization. When such  
39 organization shall contract for the purpose of constructing or equipping an  
40 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
41 contractor an exemption certificate for the project involved, and the  
42 contractor may purchase materials for incorporation in such project. The  
43 contractor shall furnish the number of such certificate to all suppliers from

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

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

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

38 (oooo) all sales of tangible personal property or services purchased  
39 for the purpose of and in conjunction with constructing, reconstructing,  
40 enlarging or remodeling a qualified business facility by a qualified firm or  
41 qualified supplier that meets the requirements established in K.S.A. 2022  
42 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has  
43 been approved for a project exemption certificate by the secretary of

1 commerce; and the sale and installation of machinery and equipment  
2 purchased by such qualified firm or qualified supplier for installation at  
3 any such qualified business facility. When a person shall contract for the  
4 construction, reconstruction, enlargement or remodeling of any such  
5 qualified business facility, such person shall obtain from the state and  
6 furnish to the contractor an exemption certificate for the project involved,  
7 and the contractor may purchase materials, machinery and equipment for  
8 incorporation in such project. The contractor shall furnish the number of  
9 such certificates to all suppliers from whom such purchases are made, and  
10 such suppliers shall execute invoices covering ~~the same~~ *such purchases*  
11 bearing the number of such certificate. Upon completion of the project, the  
12 contractor shall furnish to the owner of the qualified firm or qualified  
13 supplier a sworn statement, on a form to be provided by the director of  
14 taxation, that all purchases so made were entitled to exemption under this  
15 subsection. All invoices shall be held by the contractor for a period of five  
16 years and shall be subject to audit by the director of taxation. Any  
17 contractor or any agent, employee or subcontractor thereof who shall use  
18 or otherwise dispose of any materials, machinery or equipment purchased  
19 under such a certificate for any purpose other than that for which such a  
20 certificate is issued without the payment of the sales or compensating tax  
21 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon  
22 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
23 79-3615(h), and amendments thereto. As used in this subsection, "qualified  
24 business facility," "qualified firm" and "qualified supplier" mean the same  
25 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto; *and*  
26 *(pppp) all sales of tangible personal property or services constituting*  
27 *production or postproduction expenditures purchased for the purpose of a*  
28 *certified project by a production company that meets the requirements*  
29 *established in section 3, and amendments thereto, and that has been*  
30 *approved for a project exemption certificate by the secretary of commerce*  
31 *and the sale and installation of machinery and equipment constituting*  
32 *production or postproduction expenditures purchased by such production*  
33 *company for use in this state for a certified project. Such sales tax*  
34 *exemptions may be limited by the secretary of commerce as provided by*  
35 *section 3, and amendments thereto. When a production company contracts*  
36 *for construction, reconstruction, enlargement or remodeling of any facility*  
37 *for purposes of a certified project that constitutes a production or*  
38 *postproduction expenditure, the production company shall obtain from the*  
39 *state and furnish to the contractor an exemption certificate for the*  
40 *certified project, and the contractor may purchase materials, machinery*  
41 *and equipment for incorporation in such work. The contractor shall*  
42 *furnish the number of such certificates to all suppliers from whom such*  
43 *purchases are made, and such suppliers shall execute invoices covering*

1 *such purchases bearing the number of such certificate. Upon completion*  
2 *of the work, the contractor shall furnish to the owner of the production*  
3 *company a sworn statement, on a form to be provided by the director of*  
4 *taxation, that all purchases so made were entitled to exemption under this*  
5 *subsection and section 3, and amendments thereto. All invoices shall be*  
6 *held by the contractor for a period of five years and shall be subject to*  
7 *audit by the director of taxation. Any contractor or any agent, employee or*  
8 *subcontractor thereof who uses or otherwise disposes of any materials,*  
9 *machinery or equipment purchased under such a certificate for any*  
10 *purpose other than that for which such a certificate is issued without the*  
11 *payment of the sales or compensating tax otherwise imposed thereon shall*  
12 *be guilty of a misdemeanor and, upon conviction therefor, shall be subject*  
13 *to the penalties provided for in K.S.A. 79-3615(h), and amendments*  
14 *thereto. As used in this subsection, "certified project," "postproduction*  
15 *expenditure," "production company" and "production expenditure" mean*  
16 *the same as defined in section 2, and amendments thereto.*

17 ~~Sec. 10-8. {10.}~~ K.S.A. 2022 Supp. 79-3606 is hereby repealed.

18 ~~Sec. 11-9. {11.}~~ This act shall take effect and be in force from and  
19 after its publication in the statute book.