

HOUSE BILL No. 2238

By Committee on Taxation

2-1

1 AN ACT concerning sales and compensating use tax; relating to
2 exemptions, farm production machinery and equipment, definition;
3 amending K.S.A. 2016 Supp. 79-3606 and repealing the existing
4 section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2016 Supp. 79-3606 is hereby amended to read as
8 follows: 79-3606. The following shall be exempt from the tax imposed by
9 this act:

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

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

1 (c) all sales of tangible personal property or services, including the
2 renting and leasing of tangible personal property, purchased directly by a
3 public or private elementary or secondary school or public or private
4 nonprofit educational institution and used primarily by such school or
5 institution for nonsectarian programs and activities provided or sponsored
6 by such school or institution or in the erection, repair or enlargement of
7 buildings to be used for such purposes. The exemption herein provided
8 shall not apply to erection, construction, repair, enlargement or equipment
9 of buildings used primarily for human habitation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (s) except as provided in K.S.A. 2016 Supp. 82a-2101, and
35 amendments thereto, all sales of tangible personal property or services
36 purchased directly or indirectly by a groundwater management district
37 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
38 amendments thereto, by a rural water district organized or operating under
39 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
40 supply district organized or operating under the authority of K.S.A. 19-
41 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
42 property or services are used in the construction activities, operation or
43 maintenance of the district;

1 (t) *for taxable years commencing after December 31, 2014*, all sales
2 of farm *production* machinery and equipment or aquaculture machinery
3 and equipment, repair and replacement parts therefor and services
4 performed in the repair and maintenance of such machinery and
5 equipment. For the purposes of this subsection ~~the term "farm machinery
6 and equipment or aquaculture machinery and equipment" shall include the~~
7 *following machinery and equipment shall be deemed to be exempt even*
8 *though it may not otherwise qualify as farm production machinery and*
9 *equipment used in an agricultural production operation: An articulating*
10 *boom lift, ladder, scaffold, bulldozer, loader, excavator, back hoe, road*
11 *grader, wheel tractor-scraper, skid-steer loader, forklift truck, electric*
12 *fence and electric fence components, a work-site utility vehicle, as defined*
13 *in K.S.A. 8-126, and amendments thereto, and that is equipped with a bed*
14 *or cargo box for hauling materials, and shall also include machinery and*
15 *equipment used in the operation of Christmas tree farming but shall not*
16 *include any passenger vehicle, truck, truck tractor, trailer, semitrailer or*
17 *pole trailer, other than a farm trailer, as such terms are defined by K.S.A.*
18 *8-126, and amendments thereto. "Farm production machinery and*
19 *equipment" includes precision farming equipment that is portable or is*
20 *installed or purchased to be installed on farm machinery and equipment.*
21 *"Precision farming equipment" includes the following items used only in*
22 *computer-assisted farming, ranching or aquaculture production operations:*
23 *Soil testing sensors, yield monitors, computers, monitors, software, global*
24 *positioning and mapping systems, guiding systems, modems, data*
25 *communications equipment and any necessary mounting hardware, wiring*
26 *and antennas. Each purchaser of farm production machinery and*
27 *equipment or aquaculture machinery and equipment exempted herein must*
28 *certify in writing on the copy of the invoice or sales ticket to be retained*
29 *by the seller that the farm production machinery and equipment or*
30 *aquaculture machinery and equipment purchased will be used only in*
31 *farming, ranching or aquaculture production. Farming or ranching shall*
32 *include the operation of a feedlot and farm and ranch work for hire and the*
33 *operation of a nursery;*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (jj) all sales of tangible personal property or services, including the
30 renting and leasing of tangible personal property, purchased directly on
31 behalf of a community-based facility for people with intellectual disability
32 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
33 amendments thereto, and licensed in accordance with the provisions of
34 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
35 personal property or services purchased by contractors during the time
36 period from July, 2003, through June, 2006, for the purpose of
37 constructing, equipping, maintaining or furnishing a new facility for a
38 community-based facility for people with intellectual disability or mental
39 health center located in Riverton, Cherokee County, Kansas, which would
40 have been eligible for sales tax exemption pursuant to this subsection if
41 purchased directly by such facility or center. This exemption shall not
42 apply to tangible personal property customarily used for human habitation
43 purposes;

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

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

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

8 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

43 (D) to guide, control or direct the movement of property undergoing

1 manufacturing or processing;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (E) furniture and other furnishings;

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

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

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

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

42 (J) employee apparel, except safety and protective apparel that is
43 purchased by an employer and furnished gratuitously to employees who

1 are involved in production or research activities.

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

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

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

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

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

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

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

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

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

1 by a nonprofit organization which performs any abortion, as defined in
2 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

43 (7) the Kansas chapters of the Parkinson's disease association for the

- 1 purpose of eliminating Parkinson's disease through medical research and
2 public and professional education related to such disease;
- 3 (8) the national kidney foundation of Kansas and western Missouri
4 for the purpose of eliminating kidney disease through medical research
5 and public and private education related to such disease;
- 6 (9) the heartstrings community foundation for the purpose of
7 providing training, employment and activities for adults with
8 developmental disabilities;
- 9 (10) the cystic fibrosis foundation, heart of America chapter, for the
10 purposes of assuring the development of the means to cure and control
11 cystic fibrosis and improving the quality of life for those with the disease;
- 12 (11) the spina bifida association of Kansas for the purpose of
13 providing financial, educational and practical aid to families and
14 individuals with spina bifida. Such aid includes, but is not limited to,
15 funding for medical devices, counseling and medical educational
16 opportunities;
- 17 (12) the CHWC, Inc., for the purpose of rebuilding urban core
18 neighborhoods through the construction of new homes, acquiring and
19 renovating existing homes and other related activities, and promoting
20 economic development in such neighborhoods;
- 21 (13) the cross-lines cooperative council for the purpose of providing
22 social services to low income individuals and families;
- 23 (14) the dreams work, inc., for the purpose of providing young adult
24 day services to individuals with developmental disabilities and assisting
25 families in avoiding institutional or nursing home care for a
26 developmentally disabled member of their family;
- 27 (15) the KSDS, Inc., for the purpose of promoting the independence
28 and inclusion of people with disabilities as fully participating and
29 contributing members of their communities and society through the
30 training and providing of guide and service dogs to people with
31 disabilities, and providing disability education and awareness to the
32 general public;
- 33 (16) the lyme association of greater Kansas City, Inc., for the purpose
34 of providing support to persons with lyme disease and public education
35 relating to the prevention, treatment and cure of lyme disease;
- 36 (17) the dream factory, inc., for the purpose of granting the dreams of
37 children with critical and chronic illnesses;
- 38 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
39 students and families with education and resources necessary to enable
40 each child to develop fine character and musical ability to the fullest
41 potential;
- 42 (19) the international association of lions clubs for the purpose of
43 creating and fostering a spirit of understanding among all people for

1 humanitarian needs by providing voluntary services through community
2 involvement and international cooperation;

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

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

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

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

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

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

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

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

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

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

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

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

1 director's designee;

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

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

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

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

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

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

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

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

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

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

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

39 (lll) all sales of tangible personal property and services purchased by
40 special olympics Kansas, inc. for the purpose of providing year-round
41 sports training and athletic competition in a variety of olympic-type sports
42 for individuals with intellectual disabilities by giving them continuing
43 opportunities to develop physical fitness, demonstrate courage, experience

1 joy and participate in a sharing of gifts, skills and friendship with their
2 families, other special olympics athletes and the community, and activities
3 provided or sponsored by such organization, and all sales of tangible
4 personal property by or on behalf of any such organization;

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

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

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

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

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

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

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

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

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

41 (ttt) all sales of tangible personal property or services purchased by a
42 contractor for a project for the purpose of restoring, constructing,
43 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or

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

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

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

1 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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

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

42 (bbbb) all sales of entry or participation fees, charges or tickets by
43 Guadalupe health foundation, which is exempt from federal income

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 Sec. 2. K.S.A. 2016 Supp. 79-3606 is hereby repealed.

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