

**HOUSE BILL No. 2428**

By Committee on Taxation

5-22

1 AN ACT concerning sales and compensating use tax; relating to  
2 exemptions and the repeal thereof; amending K.S.A. 2016 Supp. 79-  
3 3603 and 79-3606 and repealing the existing sections.  
4

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

6 Section 1. K.S.A. 2016 Supp. 79-3603 is hereby amended to read as  
7 follows: 79-3603. For the privilege of engaging in the business of selling  
8 tangible personal property at retail in this state or rendering or furnishing  
9 any of the services taxable under this act, there is hereby levied and there  
10 shall be collected and paid a tax at the rate of 6.15%, and commencing  
11 July 1, 2015, at the rate of 6.5%. Within a redevelopment district  
12 established pursuant to K.S.A. 74-8921, and amendments thereto, there is  
13 hereby levied and there shall be collected and paid an additional tax at the  
14 rate of 2% until the earlier of the date the bonds issued to finance or  
15 refinance the redevelopment project have been paid in full or the final  
16 scheduled maturity of the first series of bonds issued to finance any part of  
17 the project upon:

18 (a) The gross receipts received from the sale of tangible personal  
19 property at retail within this state;

20 (b) the gross receipts from intrastate, interstate or international  
21 telecommunications services and any ancillary services sourced to this  
22 state in accordance with K.S.A. 2016 Supp. 79-3673, and amendments  
23 thereto, except that *prior to July 1, 2020*, telecommunications service does  
24 not include: (1) Any interstate or international 800 or 900 service; (2) any  
25 interstate or international private communications service as defined in  
26 K.S.A. 2016 Supp. 79-3673, and amendments thereto; (3) any value-added  
27 nonvoice data service; (4) any telecommunication service to a provider of  
28 telecommunication services which will be used to render  
29 telecommunications services, including carrier access services; or (5) any  
30 service or transaction defined in this section among entities classified as  
31 members of an affiliated group as provided by section 1504 of the federal  
32 internal revenue code of 1986, as in effect on January 1, 2001;

33 (c) the gross receipts from the sale or furnishing of gas, water,  
34 electricity and heat, which sale is not otherwise exempt from taxation  
35 under the provisions of this act, and whether furnished by municipally or  
36 privately owned utilities, except that, on and after January 1, 2006, *and*

1 *prior to July 1, 2020*, for sales of gas, electricity and heat delivered  
2 through mains, lines or pipes to residential premises for noncommercial  
3 use by the occupant of such premises, and for agricultural use and also, for  
4 such use, all sales of propane gas, the state rate shall be 0%; and *prior to*  
5 *July 1, 2020*, for all sales of propane gas, LP gas, coal, wood and other fuel  
6 sources for the production of heat or lighting for noncommercial use of an  
7 occupant of residential premises, the state rate shall be 0%, ~~but~~ and such  
8 tax shall not be levied and collected upon the gross receipts from: (1) The  
9 sale of a rural water district benefit unit; (2) a water system impact fee,  
10 system enhancement fee or similar fee collected by a water supplier as a  
11 condition for establishing service; or (3) connection or reconnection fees  
12 collected by a water supplier;

13 (d) the gross receipts from the sale of meals or drinks furnished at any  
14 private club, drinking establishment, catered event, restaurant, eating  
15 house, dining car, hotel, drugstore or other place where meals or drinks are  
16 regularly sold to the public;

17 (e) the gross receipts from the sale of admissions to any place  
18 providing amusement, entertainment or recreation services including  
19 admissions to state, county, district and local fairs, but such tax shall not  
20 be levied and collected *prior to July 1, 2020*, upon the gross receipts  
21 received from sales of admissions to any cultural and historical event  
22 which occurs triennially;

23 (f) the gross receipts from the operation of any coin-operated device  
24 dispensing or providing tangible personal property, amusement or other  
25 services except, *prior to July 1, 2020*, laundry services, whether automatic  
26 or manually operated;

27 (g) the gross receipts from the service of renting of rooms by hotels,  
28 as defined by K.S.A. 36-501, and amendments thereto, or by  
29 accommodation brokers, as defined by K.S.A. 12-1692, and amendments  
30 thereto, but such tax shall not be levied and collected upon the gross  
31 receipts received from sales of such service to the federal government and  
32 any agency, officer or employee thereof in association with the  
33 performance of official government duties;

34 (h) the gross receipts from the service of renting or leasing of tangible  
35 personal property except such tax shall not apply to the renting or leasing  
36 of machinery, equipment or other personal property owned by a city and  
37 purchased from the proceeds of industrial revenue bonds issued prior to  
38 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through  
39 12-1749, and amendments thereto, and any city or lessee renting or leasing  
40 such machinery, equipment or other personal property purchased with the  
41 proceeds of such bonds who shall have paid a tax under the provisions of  
42 this section upon sales made prior to July 1, 1973, shall be entitled to a  
43 refund from the sales tax refund fund of all taxes paid thereon;

1 (i) the gross receipts from the rendering of dry cleaning, pressing,  
2 dyeing and laundry services except, *prior to July 1, 2020*, laundry services  
3 rendered through a coin-operated device whether automatic or manually  
4 operated;

5 (j) the gross receipts from the rendering of the services of washing  
6 and washing and waxing of vehicles;

7 (k) the gross receipts from cable, community antennae and other  
8 subscriber radio and television services;

9 (l) (1) except as otherwise provided by paragraph (2), the gross  
10 receipts received from the sales of tangible personal property to all  
11 contractors, subcontractors or repairmen for use by them in erecting  
12 structures, or building on, or otherwise improving, altering, or repairing  
13 real or personal property.

14 (2) Any such contractor, subcontractor or repairman who maintains  
15 an inventory of such property both for sale at retail and for use by them for  
16 the purposes described by paragraph (1) shall be deemed a retailer with  
17 respect to purchases for and sales from such inventory, except that the  
18 gross receipts received from any such sale, other than a sale at retail, shall  
19 be equal to the total purchase price paid for such property and the tax  
20 imposed thereon shall be paid by the deemed retailer;

21 (m) the gross receipts received from fees and charges by public and  
22 private clubs, drinking establishments, organizations and businesses for  
23 participation in sports, games and other recreational activities, but, *prior to*  
24 *July 1, 2020*, such tax shall not be levied and collected upon the gross  
25 receipts received from: (1) Fees and charges by any political subdivision,  
26 by any organization exempt from property taxation pursuant to K.S.A. 79-  
27 201 *Ninth*, and amendments thereto, or by any youth recreation  
28 organization exclusively providing services to persons 18 years of age or  
29 younger which is exempt from federal income taxation pursuant to section  
30 501(c)(3) of the federal internal revenue code of 1986, for participation in  
31 sports, games and other recreational activities; and (2) entry fees and  
32 charges for participation in a special event or tournament sanctioned by a  
33 national sporting association to which spectators are charged an admission  
34 which is taxable pursuant to subsection (e);

35 (n) the gross receipts received from dues charged by public and  
36 private clubs, drinking establishments, organizations and businesses,  
37 payment of which entitles a member to the use of facilities for recreation  
38 or entertainment, but, *prior to July 1, 2020*, such tax shall not be levied  
39 and collected upon the gross receipts received from: (1) Dues charged by  
40 any organization exempt from property taxation pursuant to K.S.A. 79-201  
41 *Eighth* and *Ninth*, and amendments thereto; and (2) sales of memberships  
42 in a nonprofit organization which is exempt from federal income taxation  
43 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,

1 and whose purpose is to support the operation of a nonprofit zoo;

2 (o) the gross receipts received from the isolated or occasional sale of  
3 motor vehicles or trailers but not including, *prior to July 1, 2020*: (1) The  
4 transfer of motor vehicles or trailers by a person to a corporation or limited  
5 liability company solely in exchange for stock securities or membership  
6 interest in such corporation or limited liability company; (2) the transfer of  
7 motor vehicles or trailers by one corporation or limited liability company  
8 to another when all of the assets of such corporation or limited liability  
9 company are transferred to such other corporation or limited liability  
10 company; or (3) the sale of motor vehicles or trailers which are subject to  
11 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and  
12 amendments thereto, by an immediate family member to another  
13 immediate family member. For the purposes of paragraph (3), immediate  
14 family member means lineal ascendants or descendants, and their spouses.  
15 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act  
16 on the isolated or occasional sale of motor vehicles or trailers on and after  
17 July 1, 2004, which the base for computing the tax was the value pursuant  
18 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when  
19 such amount was higher than the amount of sales tax which would have  
20 been paid under the law as it existed on June 30, 2004, shall be refunded to  
21 the taxpayer pursuant to the procedure prescribed by this section. Such  
22 refund shall be in an amount equal to the difference between the amount of  
23 sales tax paid by the taxpayer and the amount of sales tax which would  
24 have been paid by the taxpayer under the law as it existed on June 30,  
25 2004. Each claim for a sales tax refund shall be verified and submitted not  
26 later than six months from the effective date of this act to the director of  
27 taxation upon forms furnished by the director and shall be accompanied by  
28 any additional documentation required by the director. The director shall  
29 review each claim and shall refund that amount of tax paid as provided by  
30 this act. All such refunds shall be paid from the sales tax refund fund, upon  
31 warrants of the director of accounts and reports pursuant to vouchers  
32 approved by the director of taxation or the director's designee. No refund  
33 for an amount less than \$10 shall be paid pursuant to this act. In  
34 determining the base for computing the tax on such isolated or occasional  
35 sale, the fair market value of any motor vehicle or trailer traded in by the  
36 purchaser to the seller may be deducted from the selling price;

37 (p) the gross receipts received for the service of installing or applying  
38 tangible personal property which when installed or applied is not being  
39 held for sale in the regular course of business, and whether or not such  
40 tangible personal property when installed or applied remains tangible  
41 personal property or becomes a part of real estate, except that *prior to July*  
42 *1, 2020*, no tax shall be imposed upon the service of installing or applying  
43 tangible personal property in connection with the original construction of a

1 building or facility, the original construction, reconstruction, restoration,  
2 remodeling, renovation, repair or replacement of a residence or the  
3 construction, reconstruction, restoration, replacement or repair of a bridge  
4 or highway.

5 For the purposes of this subsection:

6 (1) "Original construction" shall mean the first or initial construction  
7 of a new building or facility. The term "original construction" shall include  
8 the addition of an entire room or floor to any existing building or facility,  
9 the completion of any unfinished portion of any existing building or  
10 facility and the restoration, reconstruction or replacement of a building,  
11 facility or utility structure damaged or destroyed by fire, flood, tornado,  
12 lightning, explosion, windstorm, ice loading and attendant winds,  
13 terrorism or earthquake, but such term, except with regard to a residence,  
14 shall not include replacement, remodeling, restoration, renovation or  
15 reconstruction under any other circumstances;

16 (2) "building" shall mean only those enclosures within which  
17 individuals customarily are employed, or which are customarily used to  
18 house machinery, equipment or other property, and including the land  
19 improvements immediately surrounding such building;

20 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water  
21 well, feedlot or any conveyance, transmission or distribution line of any  
22 cooperative, nonprofit, membership corporation organized under or subject  
23 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or  
24 municipal or quasi-municipal corporation, including the land  
25 improvements immediately surrounding such facility;

26 (4) "residence" shall mean only those enclosures within which  
27 individuals customarily live;

28 (5) "utility structure" shall mean transmission and distribution lines  
29 owned by an independent transmission company or cooperative, the  
30 Kansas electric transmission authority or natural gas or electric public  
31 utility; and

32 (6) "windstorm" shall mean straight line winds of at least 80 miles per  
33 hour as determined by a recognized meteorological reporting agency or  
34 organization;

35 (q) the gross receipts received for the service of repairing, servicing,  
36 altering or maintaining tangible personal property which when such  
37 services are rendered is not being held for sale in the regular course of  
38 business, and whether or not any tangible personal property is transferred  
39 in connection therewith. The tax imposed by this subsection shall be  
40 applicable to the services of repairing, servicing, altering or maintaining an  
41 item of tangible personal property which has been and is fastened to,  
42 connected with or built into real property;

43 (r) the gross receipts from fees or charges made under service or

1 maintenance agreement contracts for services, charges for the providing of  
2 which are taxable under the provisions of subsection (p) or (q);

3 (s) *(1) on and after January 1, 2005, and prior to July 1, 2020, the*  
4 *gross receipts received from the sale of prewritten computer software and*  
5 *the sale of the services of modifying, altering, updating or maintaining*  
6 *prewritten computer software, whether the prewritten computer software is*  
7 *installed or delivered electronically by tangible storage media physically*  
8 *transferred to the purchaser or by load and leave; and*

9 *(2) on and after July 1, 2020, the gross receipts from the sale of*  
10 *computer software and the sale of the services of modifying, altering,*  
11 *updating or maintaining computer software, whether the computer*  
12 *software is installed or delivered electronically by tangible storage media*  
13 *physically transferred to the purchaser or by load and leave;*

14 (t) the gross receipts received for telephone answering services;

15 (u) the gross receipts received from the sale of prepaid calling service  
16 and prepaid wireless calling service as defined in K.S.A. 2016 Supp. 79-  
17 3673, and amendments thereto;

18 (v) all sales of bingo cards, bingo faces and instant bingo tickets by  
19 licensees under K.S.A. 2016 Supp. 75-5171 et seq., and amendments  
20 thereto, *except prior to July 1, 2020, such sales shall be exempt from taxes*  
21 *imposed pursuant to this section; and*

22 (w) all sales of charitable raffle tickets in accordance with K.S.A.  
23 2016 Supp. 75-5171 et seq., and amendments thereto, shall be exempt  
24 from taxes imposed pursuant to this section.

25 Sec. 2. K.S.A. 2016 Supp. 79-3606 is hereby amended to read as  
26 follows: 79-3606. The following shall be exempt from the tax imposed by  
27 this act:

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

41 (b) all sales of tangible personal property or service, including the  
42 renting and leasing of tangible personal property, purchased directly by the  
43 state of Kansas, a political subdivision thereof, other than a school or

1 educational institution, or purchased by a public or private nonprofit  
2 hospital or public hospital authority or nonprofit blood, tissue or organ  
3 bank and used exclusively for state, political subdivision, hospital or  
4 public hospital authority or nonprofit blood, tissue or organ bank purposes,  
5 except when: (1) Such state, hospital or public hospital authority is  
6 engaged or proposes to engage in any business specifically taxable under  
7 the provisions of this act and such items of tangible personal property or  
8 service are used or proposed to be used in such business; or (2) such  
9 political subdivision is engaged or proposes to engage in the business of  
10 furnishing gas, electricity or heat to others and such items of personal  
11 property or service are used or proposed to be used in such business;

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

21 (d) all sales of tangible personal property or services purchased by a  
22 contractor for the purpose of constructing, equipping, reconstructing,  
23 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
24 any public or private nonprofit hospital or public hospital authority, public  
25 or private elementary or secondary school, a public or private nonprofit  
26 educational institution, state correctional institution including a privately  
27 constructed correctional institution contracted for state use and ownership,  
28 which would be exempt from taxation under the provisions of this act if  
29 purchased directly by such hospital or public hospital authority, school,  
30 educational institution or a state correctional institution; and all sales of  
31 tangible personal property or services purchased by a contractor for the  
32 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
33 enlarging, furnishing or remodeling facilities for any political subdivision  
34 of the state or district described in subsection (s), the total cost of which is  
35 paid from funds of such political subdivision or district and which would  
36 be exempt from taxation under the provisions of this act if purchased  
37 directly by such political subdivision or district. Nothing in this subsection  
38 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be  
39 deemed to exempt the purchase of any construction machinery, equipment  
40 or tools used in the constructing, equipping, reconstructing, maintaining,  
41 repairing, enlarging, furnishing or remodeling facilities for any political  
42 subdivision of the state or any such district. As used in this subsection,  
43 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a

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

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

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

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

41 (g) sales of aircraft including remanufactured and modified aircraft  
42 sold to persons using directly or through an authorized agent such aircraft  
43 as certified or licensed carriers of persons or property in interstate or

1 foreign commerce under authority of the laws of the United States or any  
2 foreign government or sold to any foreign government or agency or  
3 instrumentality of such foreign government and all sales of aircraft for use  
4 outside of the United States and sales of aircraft repair, modification and  
5 replacement parts and sales of services employed in the remanufacture,  
6 modification and repair of aircraft;

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

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

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

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

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

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

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

1 services;

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

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

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

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

1 malfunction or support a weak or deformed portion of the body;

2 (s) except as provided in K.S.A. 2016 Supp. 82a-2101, and  
3 amendments thereto, all sales of tangible personal property or services  
4 purchased directly or indirectly by a groundwater management district  
5 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
6 amendments thereto, by a rural water district organized or operating under  
7 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
8 supply district organized or operating under the authority of K.S.A. 19-  
9 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which  
10 property or services are used in the construction activities, operation or  
11 maintenance of the district;

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

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

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

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

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

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

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

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

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

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

43 (cc) all sales of tangible personal property or services purchased prior

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

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

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

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

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

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

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

33 (jj) all sales of tangible personal property or services, including the  
34 renting and leasing of tangible personal property, purchased directly on  
35 behalf of a community-based facility for people with intellectual disability  
36 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
37 amendments thereto, and licensed in accordance with the provisions of  
38 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible  
39 personal property or services purchased by contractors during the time  
40 period from July, 2003, through June, 2006, for the purpose of  
41 constructing, equipping, maintaining or furnishing a new facility for a  
42 community-based facility for people with intellectual disability or mental  
43 health center located in Riverton, Cherokee County, Kansas, which would

1 have been eligible for sales tax exemption pursuant to this subsection if  
2 purchased directly by such facility or center. This exemption shall not  
3 apply to tangible personal property customarily used for human habitation  
4 purposes;

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

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

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

12 (2) For purposes of this subsection:

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

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

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

37 (D) "manufacturing or processing business" means a business that  
38 utilizes an integrated production operation to manufacture, process,  
39 fabricate, finish, or assemble items for wholesale and retail distribution as  
40 part of what is commonly regarded by the general public as an industrial  
41 manufacturing or processing operation or an agricultural commodity  
42 processing operation. (i) Industrial manufacturing or processing operations  
43 include, by way of illustration but not of limitation, the fabrication of

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

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

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

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

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

41 (B) to transport, convey, handle or store the property undergoing  
42 manufacturing or processing at any point from the beginning of the  
43 production line through any warehousing or distribution operation of the

1 final product that occurs at the plant or facility;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (E) furniture and other furnishings;

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (rr) all sales of tangible personal property which will admit the  
43 purchaser thereof to any annual event sponsored by a nonprofit

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

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

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

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

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

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

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

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

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

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

43 (6) the Kansas chapters of the Alzheimer's disease and related

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

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

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

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

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

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

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

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

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

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

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

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

42 (18) the Ottawa Suzuki strings, inc., for the purpose of providing  
43 students and families with education and resources necessary to enable

1 each child to develop fine character and musical ability to the fullest  
2 potential;

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

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

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

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

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

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

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

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

1 incorporation in such project. The contractor shall furnish the number of  
2 such certificate to all suppliers from whom such purchases are made, and  
3 such suppliers shall execute invoices covering the same bearing the  
4 number of such certificate. Upon completion of the project the contractor  
5 shall furnish to the nonprofit zoo concerned a sworn statement, on a form  
6 to be provided by the director of taxation, that all purchases so made were  
7 entitled to exemption under this subsection. All invoices shall be held by  
8 the contractor for a period of five years and shall be subject to audit by the  
9 director of taxation. If any materials purchased under such a certificate are  
10 found not to have been incorporated in the building or other project or not  
11 to have been returned for credit or the sales or compensating tax otherwise  
12 imposed upon such materials which will not be so incorporated in the  
13 building or other project reported and paid by such contractor to the  
14 director of taxation not later than the 20<sup>th</sup> day of the month following the  
15 close of the month in which it shall be determined that such materials will  
16 not be used for the purpose for which such certificate was issued, the  
17 nonprofit zoo concerned shall be liable for tax on all materials purchased  
18 for the project, and upon payment thereof it may recover the same from  
19 the contractor together with reasonable attorney fees. Any contractor or  
20 any 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 (yy) all sales of tangible personal property and services purchased by  
28 a parent-teacher association or organization, and all sales of tangible  
29 personal property by or on behalf of such association or organization;

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

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

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

1 review each claim and shall refund that amount of sales tax paid as  
2 determined under the provisions of this subsection. All refunds shall be  
3 paid from the sales tax refund fund upon warrants of the director of  
4 accounts and reports pursuant to vouchers approved by the director or the  
5 director's designee;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 whom such purchases are made, and such suppliers shall execute invoices  
2 covering the same bearing the number of such certificate. Upon  
3 completion of the project, the contractor shall furnish to such organization  
4 concerned a sworn statement, on a form to be provided by the director of  
5 taxation, that all purchases so made were entitled to exemption under this  
6 subsection. All invoices shall be held by the contractor for a period of five  
7 years and shall be subject to audit by the director of taxation. If any  
8 materials purchased under such a certificate are found not to have been  
9 incorporated in such facilities or not to have been returned for credit or the  
10 sales or compensating tax otherwise imposed upon such materials which  
11 will not be so incorporated in such facilities reported and paid by such  
12 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
13 following the close of the month in which it shall be determined that such  
14 materials will not be used for the purpose for which such certificate was  
15 issued, such organization concerned shall be liable for tax on all materials  
16 purchased for the project, and upon payment thereof it may recover the  
17 same from the contractor together with reasonable attorney fees. Any  
18 contractor or any agent, employee or subcontractor thereof, who purchased  
19 under such a certificate for any purpose other than that for which such a  
20 certificate is issued without the payment of the sales or compensating tax  
21 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
22 and, upon conviction therefor, shall be subject to the penalties provided for  
23 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
24 subsection shall expire and have no effect on and after July 1, 2019; *and*  
25 *(mmmm) except for subsections (b), (d), (e), (g), (s), (y), (z), (aa),*  
26 *(dd), (gg), (ss), (uu), (ddd) and (rrr), the provisions of this section shall*  
27 *not apply after June 30, 2020.*

28 Sec. 3. K.S.A. 2016 Supp. 79-3603 and 79-3606 are hereby repealed.

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