

Substitute for HOUSE BILL No. 2336

By Committee on Taxation

2-6

9 AN ACT concerning sales taxation; relating to exemptions; flood disaster
10 emergencies; certain construction materials and services.

11

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

13 Section 1. The following shall be exempt from the tax imposed under
14 the Kansas retailers' sales tax act: All sales of tangible personal property
15 or services purchased for the purpose of and in conjunction with con-
16 structing, reconstructing, enlarging or remodeling a business facility that
17 was previously located in any county declared or designated by the pres-
18 ident to be in a state of disaster emergency pursuant to major disaster
19 declaration DR 1711, and that has been damaged or destroyed by flooding
20 and other severe weather as a result of such disaster, and the sale and
21 installation of machinery and equipment purchased for installation at any
22 such business facility, including any fence, the purpose for which is to
23 enclose land devoted to agricultural use. Any person constructing, recon-
24 structing, remodeling or enlarging a business facility in any such county,
25 who had leased such a facility to a business in any such county prior to
26 the occurrence of such disaster, and that such business has been damaged
27 or destroyed by flooding and other severe weather as a result of such
28 disaster, and which such facility shall be leased in whole or in part, to a
29 business that was previously located in any such county, prior to the oc-
30 currence of such disaster and that such business has been damaged by
31 flooding and other severe weather as a result of such disaster, that would
32 be eligible for a sales tax exemption hereunder if such business had con-
33 structed, reconstructed, enlarged or remodeled such facility or portion
34 thereof itself shall be entitled to the sales tax exemption under the pro-
35 visions of this section. When a person shall contract for the construction,
36 reconstruction, enlargement or remodeling of any such business facility,
37 such person shall obtain from the state within 60 days of the effective
38 date of this act, an exemption certificate for the project involved. The
39 certificate shall be furnished to the contractor to purchase materials, ma-
40 chinery and equipment for incorporation in such project. The contractor
41 shall furnish the number of such certificates to all suppliers from whom
42 such purchases are made, and such suppliers shall execute invoices cov-
43 ering the same bearing the number of such certificate. Upon completion

1 of the project the contractor shall furnish to the person that obtained the
2 exemption certificate, a sworn statement, on a form to be provided by
3 the director of taxation, that all purchases so made were entitled to ex-
4 emption under this subsection. All invoices shall be held by the contractor
5 for a period of five years and shall be subject to audit by the director of
6 taxation. Any contractor or any agent, employee or subcontractor thereof,
7 who shall use or otherwise dispose of any materials, machinery or equip-
8 ment purchased under such a certificate for any purpose other than that
9 for which such a certificate is issued without the payment of the sales or
10 compensating tax otherwise imposed thereon, shall be guilty of a misde-
11 meanor and, upon conviction therefor, shall be subject to the penalties
12 provided for in subsection (g) of K.S.A. 79-3615, and amendments
13 thereto. Sales tax paid on and after the occurrence of the disaster provided
14 for in this section, but prior to the effective date of this act upon the gross
15 receipts received from any sale which would have been exempted by the
16 provisions of this subsection had such sale occurred after the effective
17 date of this act shall be refunded. Each claim for a sales tax refund shall
18 be verified and submitted to the director of taxation upon forms furnished
19 by the director and shall be accompanied by any additional documenta-
20 tion required by the director. The director shall review each claim and
21 shall refund that amount of sales tax paid as determined under the pro-
22 visions of this subsection. All refunds shall be paid from the sales tax
23 refund fund upon warrants of the director of accounts and reports pur-
24 suant to vouchers approved by the director or the director's designee.
25 The provisions of this section shall be part of and supplemental to the
26 Kansas retailers' sales tax act.

27 Sec. 2. This act shall take effect and be in force from and after its
28 publication in the Kansas register.