

SENATE BILL No. 497

By Committee on Assessment and Taxation

1-29

9 AN ACT concerning taxation; creating the Kansas investment credit act
10 and the Kansas jobs credit act; amending K.S.A. 40-253a and 74-8945
11 and K.S.A. 2007 Supp. 79-32,111, 79-32,243 and 79-3606 and repeal-
12 ing the existing sections; also repealing K.S.A. 74-50,113, 74-50,116,
13 74-50,117, 74-50,118, 74-50,119, 74-50,135, 74-50,135a, 79-32,155,
14 79-32,156, 79-32,157, 79-32,158, 79-32,159, 79-32,159a, 79-32,159b,
15 79-32,159c, 79-32,160, 79-32,160b and 79-32,160c and K.S.A. 2007
16 Supp. 74-50,114, 74-50,115, 74-50,131, 74-50,132, 74-50,133, 74-
17 50,134, 79-32,153, 79-32,154 and 79-32,160a.

18

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

20 New Section 1. The provisions of sections 1 through 9, and amend-
21 ments thereto, shall be known and may be cited as the Kansas investment
22 credit act.

23 New Sec. 2. As used in the Kansas investment credit act, unless oth-
24 erwise provided:

25 (a) “Act” means the Kansas investment credit act;

26 (b) “ancillary support operation” means a Kansas business facility at
27 which the business activities are ancillary processing functions and from
28 which no or de minimis revenues are generated from primary business
29 activities. Ancillary processing functions shall support and improve op-
30 erating efficiencies of the primary focus of the business, but are not of
31 themselves, integral and necessary to performing the primary business
32 activities and such activities are performed for multiple business facilities
33 of the business or its affiliates;

34 (c) “eligible taxpayer” means a for-profit business establishment sub-
35 ject to the Kansas income tax act, the premium tax or privilege fees im-
36 posed pursuant to K.S.A. 40-252, and amendments thereto, the privilege
37 tax as measured by the net income of financial institutions imposed pur-
38 suant to article 11 of chapter 79, of the Kansas Statutes Annotated, sales
39 or property taxes and that meets the eligibility criteria in section 3, and
40 amendments thereto and is current in payment of Kansas taxes;

41 (d) “headquarters” means a Kansas business facility where principal
42 officers of the business are housed and from which direction, manage-
43 ment or administrative support of transactions is provided for a business

1 or division of a business or its affiliates and from which no or de minimis
2 revenues are generated from primary business activities;

3 (e) “Kansas business facility” means any factory, mill, plant, refinery,
4 warehouse, feedlot, building or complex of buildings that operate as a
5 single unit on a contiguous piece of property, located within the state,
6 including the land on which such facility is located and all machinery,
7 equipment and other real and tangible personal property located at or
8 within such facility used in connection with the operation of such facility.
9 The term “Kansas business facility” includes only structures within which
10 individuals are customarily employed or which are customarily used to
11 house machinery, equipment or other property and that are not designed
12 with the capability of being transported, moved or relocated. Such Kansas
13 business facility shall satisfy the following requirements: (1) Such facility
14 must be employed by the eligible taxpayer in the operation of a revenue
15 producing enterprise. Such facility shall not be considered a Kansas busi-
16 ness facility in the hands of the taxpayer if the taxpayer’s only activity with
17 respect to such facility is to lease it to another person or persons. If the
18 taxpayer employs only a portion of such facility in the operation of a
19 revenue producing enterprise, and leases another portion of such facility
20 to another person or persons or does not otherwise use such other por-
21 tions in the operation of a revenue producing enterprise, the portion
22 employed by the taxpayer in the operation of a revenue producing en-
23 terprise shall be considered a Kansas business facility, if the requirements
24 of subsection (e)(2) are satisfied; and

25 (2) if such facility was acquired by the taxpayer from another person
26 or persons, such facility was not employed, immediately prior to the trans-
27 fer of title to such facility to the taxpayer, or to the commencement of
28 the term of the lease of such facility to the taxpayer, by any other person
29 or persons in the operation of a revenue producing enterprise and the
30 taxpayer continues the operation of the same or substantially identical
31 revenue producing enterprise at such facility;

32 (f) “opportunity zone” means a zone established by the secretary of
33 commerce through rules and regulations that: (1) Is comprised of at least
34 one county; (2) is deemed by the secretary to be economically disadvan-
35 taged; (3) does not include any counties in a metropolitan statistical area
36 or micropolitan statistical area; and (4) meets any other criteria estab-
37 lished by the secretary through rules and regulations. “Opportunity zone”
38 includes a county that the secretary has designated a disaster area and
39 shall include such county so long as the county retains the designation as
40 a disaster area, notwithstanding any of the requirements described in
41 subdivisions (1) through (4) of this subsection;

42 (g) “qualified investment” means the value of the real and tangible
43 personal property permanently and physically located at the Kansas busi-

1 ness facility, except that “qualified investment” does not include inven-
2 tory, construction in progress, or property held for sale to customers in
3 the ordinary course of the taxpayer’s business, which constitutes the Kan-
4 sas business facility, or which is used by the taxpayer in the operation of
5 the Kansas business facility, during the taxable year for which the credit
6 is claimed. The value of such property during such taxable year shall be:
7 (1) The original cost of such property, if owned by the eligible taxpayer;
8 or (2) eight times the net annual rental rate, if leased by the eligible
9 taxpayer. Original cost is deemed to be the basis of the property for fed-
10 eral income tax purposes, prior to any federal adjustments, at the time of
11 acquisition by the taxpayer and adjusted by subsequent capital additions
12 or improvements thereto and partial disposition thereof, by reason of sale,
13 exchange or abandonment. The net annual rental rate shall be the annual
14 rental rate paid by the taxpayer less any annual rental rate received by
15 the taxpayer from subrentals. “Qualified investment” shall be determined
16 by calculating the value of the qualified investment that has been newly
17 placed into service at the eligible taxpayer’s Kansas business facility during
18 the taxpayer’s tax year. In order to remain eligible the investment must
19 continue to be used during the tax year and remain in service on the last
20 business day of the taxpayer’s tax year for which the credit is claimed. For
21 plans that show a project shall extend beyond one tax period in which the
22 minimum investment is not met at the end of the first tax period that the
23 qualified investment is placed in service, the qualified investment can be
24 accumulated into the next consecutive tax period for computation of the
25 investment credit until the minimum investment has been met as long as
26 the qualified investment remains in service and is identified as part of the
27 same project. Once the minimum investment has been initially met on a
28 project, subsequent qualified investment may be claimed in the tax period
29 that it is placed in service;

30 (h) “revenue producing enterprise” means: (1) The assembly, fabri-
31 cation, manufacture or processing of any agricultural, mineral or manu-
32 factured product;

33 (2) the storage, warehousing, distribution or sale of any products of
34 agriculture, aquaculture, mining or manufacturing;

35 (3) the feeding of livestock at a feedlot;

36 (4) the operation of laboratories or other facilities for scientific, ag-
37 ricultural, aquacultural, animal husbandry or industrial research, devel-
38 opment or testing;

39 (5) the performance of services of any type;

40 (6) the feeding of aquatic plants and animals at an aquaculture
41 operation;

42 (7) the administrative management of any of the foregoing activities;

43 or

- 1 (8) any combination of any of the foregoing activities. “Revenue pro-
2 ducing enterprise” shall not mean a swine production facility as defined
3 in K.S.A. 17-5903, and amendments thereto; and
- 4 (i) “same or substantially identical revenue producing enterprise”
5 means a revenue producing enterprise in which the products produced
6 or sold, services performed or activities conducted are the same in char-
7 acter and use, are produced, sold, performed or conducted in the same
8 manner and to or for the same type of customers as the products, services
9 or activities produced, sold, performed or conducted in another revenue
10 producing enterprise.
- 11 New Sec. 3. An eligible taxpayer may qualify for the investment
12 credit if all of the following criteria are met: (1) The taxpayer’s Kansas
13 business facility must be:
- 14 (A) Identified under the North American industry classification sys-
15 tem (NAICS) industry code 112112 or subsector of 221, 311-425, 481-
16 624, 812-813, or 922-928, as assigned by the secretary of the department
17 of labor; or
- 18 (B) identified as a headquarters or ancillary support operation by the
19 secretary of commerce for purposes of this act, regardless of NAICS
20 classification;
- 21 (2) the qualified investment for the project must equal or exceed
22 \$50,000 for those Kansas business facilities that are located in an oppor-
23 tunity zone and \$300,000 for those Kansas business facilities that are not
24 located in an opportunity zone;
- 25 (3) as determined by the secretary of commerce, the taxpayer shall
26 satisfy payment of a higher-than-average wage within a wage region at
27 the Kansas business facility at which qualified investment occurs by meet-
28 ing one of the following criteria: (A) The taxpayer’s Kansas business fa-
29 cility with 500 or fewer full-time equivalent employees will provide an
30 average wage that is above the average wage paid by all Kansas business
31 facilities that share the same assigned NAICS category used to develop
32 wage thresholds and that have reported 500 or fewer employees to the
33 Kansas department of labor on the quarterly wage reports;
- 34 (B) the taxpayer’s Kansas business facility with 500 or fewer full-time
35 equivalent employees is the sole facility within its assigned NAICS cate-
36 gory that has reported wages for 500 or fewer employees to the Kansas
37 department of labor on the quarterly wage reports;
- 38 (C) the taxpayer’s Kansas business facility with more than 500 full-
39 time equivalent employees will provide an average wage that is above the
40 average wage paid by all Kansas business facilities that share the same
41 assigned NAICS category used to develop wage thresholds and that have
42 reported more than 500 employees to the Kansas department of labor on
43 the quarterly wage reports;

1 (D) the taxpayer's Kansas business facility with more than 500 full-
2 time equivalent employees is the sole facility within its assigned NAICS
3 category that has reported wages for more than 500 employees to the
4 Kansas department of labor on the quarterly wage reports, in which event
5 it shall either provide an average wage that is above the average wage
6 paid by all Kansas business facilities that share the same assigned NAICS
7 category and that have reported wages for 500 or fewer employees to the
8 Kansas department of labor on the quarterly wage reports, or be the sole
9 Kansas business facility within its assigned NAICS category that has re-
10 ported wages to the Kansas department of labor on the quarterly wage
11 reports;

12 (E) the number of NAICS digits to use in developing each set of
13 wage thresholds for comparison purposes shall be determined by the
14 secretary of commerce; or

15 (F) the composition of wage regions used in connection with each set
16 of wage thresholds shall be determined by the secretary of commerce;

17 (4) as an alternative to the requirements of subsection (a)(3), a tax-
18 payer having met the requirements of subsections (a)(1) and (2) may
19 wage-qualify its Kansas business facility if, after excluding the head count
20 and wages reported on the quarterly wage reports to the Kansas depart-
21 ment of labor for employees at that Kansas business facility who own 5%
22 or more equity in the taxpayer, the average wage calculated for the tax-
23 payer's Kansas business facility is greater than or equal to 1.5 times the
24 aggregate statewide average wage paid by industries covered by the em-
25 ployment security law based on data maintained by the secretary of labor;
26 and

27 (5) for taxpayers not covered by the Kansas employment security law
28 pursuant to subsection (i)(4)(B) of K.S.A. 44-703, and amendments
29 thereto, the wage data required to compute the average wage calculated
30 for the taxpayer's Kansas business facility will be based upon the tax-
31 payer's wage level documentation approved by the secretary of
32 commerce.

33 (b) In the case of Kansas business facilities identified under NAICS
34 112112, 221, 423-425, 481-624, 812-813, and 922-928, the business es-
35 tablishment must also demonstrate that more than one-half of its gross
36 revenues are a result of sales to Kansas manufacturing firms within sub-
37 sector 311-339 or to commercial or governmental customers outside the
38 state of Kansas.

39 (c) The secretary of commerce shall certify annually to the secretary
40 of revenue that an eligible taxpayer meets the criteria and that the tax-
41 payer is eligible for the benefits and assistance provided under this act.
42 The secretary of commerce is hereby authorized to obtain any and all
43 information necessary to determine such eligibility. Information obtained

1 under this section shall not be subject to disclosure pursuant to K.S.A.
2 45-215 et seq., and amendments thereto, but shall upon request be made
3 available to the legislative post audit division.

4 New Sec. 4. (a) For taxable years commencing after December 31,
5 2007, an eligible taxpayer that makes a qualified investment in a Kansas
6 business facility shall be entitled to a credit in an amount equal to 10%
7 of the qualified investment. Qualified investment must be identified and
8 submitted to the secretary of commerce prior to making a commitment
9 to invest. The credit allowed by this subsection shall be a one-time credit.
10 The credit shall be allowed against the tax imposed by the Kansas income
11 tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-
12 252, and amendments thereto, or the privilege tax as measured by the
13 net income of financial institutions imposed pursuant to article 11 of
14 chapter 79 of the Kansas Statutes Annotated, for the taxable year during
15 which the qualified investment is placed into service. In the event a pro-
16 ject shall extend beyond one tax period and the minimum investment is
17 not met at the end of the first tax period in which the qualified investment
18 is placed in service, the credit shall be allowed for the tax period in which
19 the accumulated investment for the same project has first met the min-
20 imum investment to qualify for the investment credit.

21 (b) The eligible taxpayer shall claim the credit on the original return
22 or an amended return for the tax year in which the qualified investment
23 is placed into service as long as the amended return filed is within the
24 statute of limitations.

25 (c) If the tax credit amount thereof exceeds the tax imposed, the tax
26 credit amount thereof which exceeds the eligible taxpayer's tax liability
27 may be carried forward for credit in the succeeding taxable year or years
28 until the total amount of the tax credit is used, except that no such tax
29 credit shall be carried forward for deduction after the 10th taxable year
30 succeeding the taxable year in which such credit initially was claimed and
31 no carry forward shall be allowed for deduction in any succeeding taxable
32 year unless the taxpayer continues to satisfy the eligibility criteria in sec-
33 tion 3, and amendments thereto, for such succeeding taxable year.

34 (d) If the eligible taxpayer is a corporation having an election in effect
35 under subchapter S of the federal internal revenue code, a partnership
36 or limited liability company, the credit provided by this section shall be
37 claimed by the shareholders of such corporation, the partners of such
38 partnership or the members of such limited liability company in the same
39 manner as such shareholders, partners, or members account for their
40 proportionate shares of income or loss of the corporation, partnership or
41 limited liability company.

42 (e) No credit shall be allowed under this section for investment in a
43 public utility, as such term is defined in K.S.A. 66-104, and amendments

1 thereto, that is regulated by the Kansas corporation commission and that
2 is guaranteed a rate of return.

3 New Sec. 5. (a) The secretary of revenue and the secretary of com-
4 merce shall work together to coordinate a set of procedures to implement
5 the provisions of this act.

6 (b) Any taxpayer claiming credits pursuant to this act, as a condition
7 for claiming and qualifying for such credits, shall provide information
8 pursuant to K.S.A. 2007 Supp. 79-32,243, and amendments thereto, as
9 part of the tax return in which such credits are claimed. Such credits shall
10 not be denied solely on the basis of the contents of the information pro-
11 vided by the taxpayer pursuant to K.S.A. 2007 Supp. 79-32,243, and
12 amendments thereto.

13 (c) The secretary of revenue shall submit an annual report to the
14 legislature regarding utilization of the credits claimed pursuant to this act,
15 for purposes of evaluation. Such report shall be due during the legislative
16 session, commencing with the 2010 legislative session.

17 New Sec. 6. The secretary of revenue and secretary of commerce
18 may adopt such rules and regulations as necessary to carry out the pur-
19 poses of this act.

20 New Sec. 7. (a) Except as otherwise provided, for tax years com-
21 mencing on or after December 31, 2007, no additional credits may be
22 earned through the Kansas enterprise zone act, K.S.A. 79-32,160a; or the
23 job expansion and investment tax credit act, K.S.A. 79-32,153. Any carry
24 forward credit that has been earned through the Kansas enterprise zone
25 act, K.S.A. 79-32,160a, and is remaining after December 31, 2007, may
26 be carried forward to succeeding taxable years as long as all requirements
27 continue to be met. Any credit that has been earned through the job
28 expansion and investment tax credit act, K.S.A. 79-32,153, with years left
29 in recomputing the credit after December 31, 2007, may continue for the
30 remainder of the 9-year period as long as all requirements continue to be
31 met.

32 (b) Except as otherwise provided, for tax years commencing on or
33 after December 31, 2007, no additional credits may be earned through
34 the high performance incentive act, K.S.A. 74-50,115, K.S.A. 74-50,132,
35 and subsection (e) of K.S.A. 79-32,160a. Any carry forward credit that
36 has been earned through the high performance incentive act, subsection
37 (e) of K.S.A. 79-32,160a, and is remaining after December 31, 2007, may
38 be carried forward to succeeding taxable years, providing all requirements
39 continue to be met and subject to the applicable carry forward limitations.
40 Any taxpayer who has filed an application to be certified under K.S.A.
41 74-50,131, prior to July 1, 2008, may claim credits under the high per-
42 formance incentive act, subsection (e) of K.S.A. 79-32,160a, K.S.A. 74-
43 50,131, K.S.A. 74-50,132, during the certification period in tax years 2008

1 and 2009, which credits under subsection (e) of K.S.A. 79-32,160a may
2 be carried forward until used or for a maximum of 10 years, as long as
3 such taxpayer does not claim any credits for the same investment under
4 the Kansas investment credit act. To accommodate unusual timing situ-
5 ations during the 2008 transition period, timing modifications may be
6 authorized at the discretion of the secretary of commerce and the sec-
7 retary of revenue.

8 New Sec. 8. (a) An eligible taxpayer as defined in this act may apply
9 to the secretary of commerce to receive a refund of tax liability in lieu of
10 the credit provided in this act. The refund shall be in an amount up to
11 40% of the credit earned by the eligible taxpayer and shall be granted at
12 the discretion of the secretary of commerce. The decision of the secretary
13 will be final. The secretary of commerce shall adopt rules and regulations
14 to establish the criteria for consideration of such refund.

15 (b) The application for election of the refund shall be made prior to
16 the taxpayer claiming any credit on which the refund is based. Should the
17 eligible taxpayer elect to receive the cash in lieu of the credit and that
18 election has been approved by the secretary of commerce, the remaining
19 portion of the tax credit shall be lost. Any refund approved by the sec-
20 retary of commerce pursuant to this section shall be allowed against the
21 tax liability imposed under the Kansas income tax act, the premium tax
22 or privilege fees imposed pursuant to K.S.A. 40-252, and amendments
23 thereto, and the privilege tax as measured by net income of financial
24 institutions imposed pursuant to article 11 of chapter 79 of the Kansas
25 Statutes Annotated in the tax year the qualified investment is placed into
26 service. The amount of such refund which exceeds such tax liability shall
27 be refunded to the taxpayer. The secretary of commerce may establish
28 an expiration date for the offer of refund.

29 (c) In no event shall the total amount of refunds approved by the
30 secretary of commerce under this section and section 15 exceed
31 \$10,000,000 for any one fiscal year.

32 (d) The secretary of commerce shall submit an annual report to the
33 legislature detailing eligible taxpayers that have made the election to re-
34 ceive a refund in lieu of the credit. The annual report shall provide the
35 aggregate amount of such refunds. Such report shall be due during the
36 legislative session, commencing with the 2010 legislative session.

37 (e) The provisions of this section shall be applicable to all taxable
38 years commencing after December 31, 2007, and prior to January 1, 2013.

39 New Sec. 9. Notwithstanding the provisions of sections 1 through 8,
40 and amendments thereto, any for profit business that is located in a dis-
41 aster area that has been declared as an opportunity zone by the secretary
42 of commerce and that has sustained damage to its Kansas business facility
43 or lost jobs as a result of damage sustained by the severe weather shall

1 qualify for the investment credit as described in this act to rebuild or
2 replace the Kansas business facility in such county. The secretary of rev-
3 enue shall adopt policies and procedures for the implementation and
4 administration of this section.

5 New Sec. 10. The provisions of sections 10 through 16, and amend-
6 ments thereto, may be cited and shall be known as the Kansas jobs credit
7 act.

8 New Sec. 11. As used in the Kansas jobs credit act, unless otherwise
9 provided: (a) “Act” means the Kansas jobs credit act;

10 (b) “employed” means that an employer-employee relationship ex-
11 ists. A person who performs services for the taxpayer shall be considered
12 as an employee if the taxpayer has the right to direct and control when,
13 where and how work will be done. In addition the taxpayer shall pay for
14 the employee’s wages directly, or indirectly through inter-company trans-
15 fers. Independent contractors shall not be considered as employed for
16 purposes of the Kansas jobs credit;

17 (c) “Kansas job credit taxpayer” means any business entity authorized
18 to do business in the state of Kansas which is subject to the state income
19 tax imposed by the provisions of the Kansas income tax act, any national
20 banking association, state bank, trust company or savings and loan asso-
21 ciation paying an annual tax on its net income pursuant to article 11 of
22 chapter 79 of the Kansas Statutes Annotated, or any insurance company
23 paying the premium tax and privilege fees imposed pursuant to K.S.A.
24 40-252, and amendments thereto, is current in payment of Kansas taxes,
25 and has a Kansas business facility as defined in the Kansas investment
26 credit act: (1) Identified under the North American industry classification
27 system (NAICS) industry code 112112 or subsector of 221, 311-425, 481-
28 624, 812-813, or 922-928, as assigned by the secretary of the department
29 of labor; or

30 (2) identified as a headquarters or ancillary support operation, as de-
31 fined in the Kansas investment credit act, regardless of NAICS
32 classification;

33 (d) “new employee” means a person newly employed by the taxpayer
34 in the taxpayer’s business operating in Kansas during the taxable year for
35 which the credit allowed by section 12, and amendments thereto, is
36 claimed. A person shall be deemed to be so engaged if such person per-
37 forms duties in Kansas in connection with the operation of the Kansas
38 business on: (A) A regular, full-time basis; (B) a part-time basis, provided
39 such person is customarily performing such duties at least 20 hours per
40 week throughout the taxable year; or (C) a seasonal basis, provided such
41 person performs such duties for substantially all of the season customary
42 for the position in which such person is employed. For a Kansas business
43 that becomes operational during the current tax year, new employees shall

1 be the number of employees employed at the taxpayer's Kansas business
2 on the last business day of the taxpayer's tax year. In the case of employees
3 hired, in which the Kansas business existed and was operated by the
4 taxpayer prior to such hiring, the number of new employees employed in
5 the operation of the Kansas business shall be reduced by the number of
6 employees employed at such Kansas business on the last business day of
7 the taxpayer's previous tax year. Employees acquired through an acqui-
8 sition or merger of a business operating in Kansas shall not be considered
9 as new employees;

10 (e) "opportunity zone" means a zone established by the secretary of
11 commerce through rules and regulations that: (1) Is comprised of at least
12 one county; (2) is deemed by the secretary to be economically disadvan-
13 taged; (3) does not include any counties in a metropolitan statistical area
14 or micropolitan statistical area; and (4) meets any other criteria estab-
15 lished by the secretary through rules and regulations. "Opportunity zone"
16 includes a county that the secretary has designated a disaster area and
17 shall include such county so long as the county retains the designation as
18 a disaster area, notwithstanding any of the requirements described in
19 subdivisions (1) through (4) of this subsection;

20 (f) "opportunity zone job credit taxpayer" means any business entity
21 with a Kansas business facility as defined in the Kansas investment credit
22 act authorized to do business in the state of Kansas which is subject to
23 the state income tax imposed by the provisions of the Kansas income tax
24 act, any national banking association, state bank, trust company or savings
25 and loan association paying an annual tax on its net income pursuant to
26 article 11 of chapter 79 of the Kansas Statutes Annotated, or any insurance
27 company paying the premium tax and privilege fees imposed pursuant to
28 K.S.A. 40-252, and amendments thereto, and that is current in payment
29 of Kansas taxes; and

30 (g) "related taxpayer" means: (1) A corporation, partnership, trust or
31 association controlled by the taxpayer; (2) an individual, corporation, part-
32 nership, trust or association in control of the taxpayer; or (3) a corporation,
33 partnership, trust or association controlled by an individual, corporation,
34 partnership, trust or association in control of the taxpayer. "Control of a
35 corporation" means ownership, directly or indirectly, of stock possessing
36 at least 80% of the total combined voting power of all classes of stock
37 entitled to vote and at least 80% of all other classes of stock of the cor-
38 poration. "Control of a partnership or association" means ownership of
39 at least 80% of the capital or profits interest in such partnership or as-
40 sociation. "Control of a trust" means ownership, directly or indirectly, of
41 at least 80% of the beneficial interest in the principal or income of such
42 trust.

43 New Sec. 12. (a) For taxable years commencing after December 31,

1 2007, any opportunity zone job credit taxpayer who engages in new em-
2 ployment in which at least two new employees were hired in the tax-
3 payer's business operating in a designated opportunity zone in Kansas,
4 shall be allowed a credit of \$3,500 per new employee, against the tax
5 imposed by the Kansas income tax act, the premium tax or privilege fees
6 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the priv-
7 ilege tax as measured by the net income of financial institutions imposed
8 pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, for
9 the taxable year during which the employees were hired. To be consid-
10 ered employed in an opportunity zone, the employee must perform the
11 majority of the services for the opportunity zone job credit taxpayer in
12 the opportunity zone.

13 (b) Any Kansas job credit taxpayer, as defined in subsection (c)(1) of
14 section 11, and amendments thereto, located in the state of Kansas who
15 engages in new employment in which at least five new employees were
16 hired in the taxpayer's business operating in Kansas shall be allowed a
17 credit of \$1,500 per new employee, against the tax imposed by the Kansas
18 income tax act, the premium tax or privilege fees imposed pursuant to
19 K.S.A. 40-252, and amendments thereto, or the privilege tax as measured
20 by the net income of financial institutions imposed pursuant to article 11
21 of chapter 79 of the Kansas Statutes Annotated, for the taxable year dur-
22 ing which the employees were hired.

23 (c) Any Kansas job credit taxpayer, as defined in subsection (c)(2) of
24 section 11, and amendments thereto, located in the state of Kansas who
25 engages in new employment in which at least 20 new employees were
26 hired in the taxpayer's business operating in Kansas, shall be allowed a
27 credit of \$1,500 per new employee, against the tax imposed by the Kansas
28 income tax act, the premium tax or privilege fees imposed pursuant to
29 K.S.A. 40-252, and amendments thereto, or the privilege tax as measured
30 by the net income of financial institutions imposed pursuant to article 11
31 of chapter 79 of the Kansas Statutes Annotated for the taxable year during
32 which the employees were hired.

33 (d) The taxpayer shall claim any credits pursuant to this act on the
34 original return or an amended return for the tax year in which the em-
35 ployees were hired as long as the amended return filed is within the
36 statute of limitations.

37 (e) If the amount of the tax credit exceeds the tax imposed, the
38 amount thereof which exceeds such tax liability may be carried forward
39 for credit in the succeeding taxable year or years until the total amount
40 of the tax credit is used. In the event the taxpayer does not continue to
41 employ the required minimum number of employees, any credit remain-
42 ing will be forfeited and no longer available for carry forward.

43 (f) If the taxpayer is a corporation having an election in effect under

1 subchapter S of the federal internal revenue code, a partnership or limited
2 liability company, the credit provided by this section shall be claimed by
3 the shareholders of such corporation, the partners of such partnership or
4 the members of such limited liability company in the same manner as
5 such shareholders, partners, or members account for their proportionate
6 shares of income or loss of the corporation, partnership or limited liability
7 company.

8 (g) A taxpayer that qualifies for the opportunity zone job credit for
9 an employee may not also qualify for the Kansas job credit for the same
10 employee.

11 (h) Only one taxpayer may claim a specific employee for purposes of
12 the opportunity zone job credit or the Kansas job credit. Employees trans-
13 ferred or reassigned within Kansas between related taxpayers will not
14 qualify for the credit.

15 New Sec. 13. (a) Any taxpayer claiming credits pursuant to this act,
16 as a condition for claiming and qualifying for such credits, shall provide
17 information pursuant to K.S.A. 2007 Supp. 79-32,243, and amendments
18 thereto, as part of the tax return in which such credits are claimed. Such
19 credits shall not be denied solely on the basis of the contents of the
20 information provided by the taxpayer pursuant to K.S.A. 2007 Supp. 79-
21 32,243, and amendments thereto.

22 (b) The secretary of revenue shall submit an annual report to the
23 legislature regarding utilization of the credits claimed pursuant to this act,
24 for purposes of evaluation. Such report shall be due during the legislative
25 session, commencing with the 2010 legislative session.

26 New Sec. 14. The secretary of revenue may adopt such rules and
27 regulations as necessary to carry out the purposes of this act.

28 New Sec. 15. (a) A Kansas job credit taxpayer or opportunity zone
29 job credit taxpayer as defined in the Kansas jobs credit act may apply to
30 the secretary of commerce to receive a refund in lieu of the credit pro-
31 vided in this act. The refund shall be in an amount up to 40% of the
32 credit earned by the Kansas job credit taxpayer or opportunity zone job
33 credit taxpayer and shall be granted at the discretion of the secretary of
34 commerce. The decision of the secretary will be final. The secretary of
35 commerce shall adopt rules and regulations to establish the criteria for
36 consideration of such refund.

37 (b) The application for election of the refund shall be made prior to
38 the taxpayer claiming any credit on which the refund is based. Should the
39 eligible taxpayer elect to receive the cash in lieu of the credit and that
40 election has been approved by the secretary of commerce, the remaining
41 portion of the tax credit shall be lost. Any refund approved by the sec-
42 retary of commerce pursuant to this section shall be allowed against the
43 tax liability imposed under the Kansas income tax act, the premium tax

1 or privilege fees imposed pursuant to K.S.A. 40-252, and amendments
2 thereto, and the privilege tax as measured by net income of financial
3 institutions imposed pursuant to article 11 of chapter 79 of the Kansas
4 Statutes Annotated in the tax year during which the employees were
5 hired. The amount of such refund which exceeds such tax liability shall
6 be refunded to the taxpayer. The secretary of commerce may establish
7 an expiration date for the offer of refund.

8 (c) In no event shall the total amount of refunds approved by the
9 secretary of commerce under this section and section 8 exceed
10 \$10,000,000 for any one fiscal year.

11 (d) The secretary of commerce shall submit an annual report to the
12 legislature detailing eligible taxpayers that have made the election to re-
13 ceive a refund in lieu of the credit. The annual report shall provide the
14 aggregate amount of such refunds. Such report shall be due during the
15 legislative session, commencing with the 2010 legislative session.

16 (e) The provisions of this section shall be applicable to all taxable
17 years commencing after December 31, 2007, and prior to January 1, 2013.

18 New Sec. 16. Notwithstanding the provisions of sections 10 through
19 15, and amendments thereto, any for profit business that is located in a
20 disaster area that has been declared as an opportunity zone by the sec-
21 retary of commerce and that has sustained damage to its Kansas business
22 facility or lost jobs as a result of damage sustained by the severe weather
23 shall qualify for the jobs credit as described in this act for an employee
24 that the business hires back or retains in such county. The secretary of
25 revenue shall adopt policies and procedures for the implementation and
26 administration of this section.

27 Sec. 17. K.S.A. 40-253a is hereby amended to read as follows: 40-
28 253a. For purposes of calculating any tax due under K.S.A. 40-253, and
29 amendments thereto, from a taxpayer not organized under the laws of
30 this state, the credits allowed pursuant to K.S.A. 40-2813, ~~74-50,132, 79-~~
31 ~~32,153, 79-32,160~~ and 79-32,196, *sections 1 through 9, sections 10*
32 *through 16*, and amendments thereto, shall be treated as tax paid under
33 K.S.A. 40-252, and amendments thereto.

34 Sec. 18. K.S.A. 74-8945 is hereby amended to read as follows: 74-
35 8945. The establishment shall not be allowed credits pursuant to K.S.A.
36 ~~79-32,160~~ *sections 1 through 9*, and amendments thereto, for any
37 amount of investment related to or computed on the basis of any invest-
38 ment of the proceeds of obligations issued pursuant to this act.

39 Sec. 19. K.S.A. 2007 Supp. 79-32,111 is hereby amended to read as
40 follows: 79-32,111. ~~(a)~~ The amount of income tax paid to another state
41 by a resident individual, resident estate or resident trust on income de-
42 rived from sources in another state shall be allowed as a credit against
43 the tax computed under the provisions of this act. Such credit shall not

1 be greater in proportion to the tax computed under this act than the
2 adjusted gross income for such year derived in another state while such
3 taxpayer is a resident of this state is to the total Kansas adjusted gross
4 income of the taxpayer. As used in this subsection, state shall have the
5 meaning ascribed thereto by subsection (h) of K.S.A. 79-3271, and
6 amendments thereto. The credit allowable hereunder for income tax paid
7 to a foreign country or political subdivision thereof shall not exceed the
8 difference of such income tax paid less the credit allowable for such in-
9 come tax paid by the federal internal revenue code. No redetermination
10 of income tax paid for the purposes of determining the credit allowed by
11 this subsection shall be required for the taxable year for which an income
12 tax refund payment pursuant to the provisions of section 18 of article 10
13 of the Missouri constitution is made, but the income tax paid allowable
14 for credit in the next following taxable year shall be reduced by the
15 amount of such refund amount, except that, for tax year 1998, the income
16 tax paid allowable for credit shall be reduced by the amount of such
17 refunds made for all taxable years prior to tax year 1998.

18 ~~(b) There shall be allowed as a credit against the tax computed under~~
19 ~~the provisions of the Kansas income tax act, and acts amendatory thereof~~
20 ~~and supplemental thereto, on the Kansas taxable income of an individual,~~
21 ~~corporation or fiduciary the amount determined under the provisions of~~
22 ~~K.S.A. 79-32,153 to 79-32,158, and amendments thereto.~~

23 Sec. 20. K.S.A. 2007 Supp. 79-32,243 is hereby amended to read as
24 follows: 79-32,243. (a) For tax years commencing after December 31,
25 2005, any taxpayer claiming credits pursuant to K.S.A. 74-50,132, 79-
26 32,153 or 79-32,160a, *sections 1 through 9, sections 10 through 16*, and
27 amendments thereto, as a condition for claiming and qualifying for such
28 credits, shall provide the following information as part of the tax return,
29 in which such credits are claimed, which shall be used by the department
30 of revenue in evaluating the effectiveness of such tax credit programs,
31 pursuant to K.S.A. 2007 Supp. 74-99b35, and amendments thereto:

32 (1) Actual jobs created as a direct result of the expenditures on which
33 such credit claim is based, if the taxpayer has previously submitted an
34 estimate of such number of actual jobs created to the department of
35 commerce as a part of applying for certification for such program
36 participation;

37 (2) additional payroll generated as a direct result of the expenditures
38 on which such credit claim is based, if the taxpayer has previously sub-
39 mitted an estimate of such amount of additional payroll generated to the
40 department of commerce as a part of applying for certification for such
41 program participation;

42 (3) actual jobs retained as a direct result of the expenditures on which
43 such credit claim is based, if the taxpayer has previously submitted an

1 estimate of actual jobs retained to the department of commerce as a part
2 of applying for certification for such program participation;

3 (4) additional revenue generated as a direct result of the expenditures
4 on which such credit claim is based, if the taxpayer has previously sub-
5 mitted an estimate of such amount of additional revenue generated to
6 the department of commerce as a part of applying for certification for
7 such program participation;

8 (5) additional sales generated as a direct result of the expenditures
9 on which such credit claim is based, if the taxpayer has previously sub-
10 mitted an estimate of additional sales generated to the department of
11 commerce as a part of applying for certification for program participation;
12 and

13 (6) total employment and payroll at the end of the tax year in which
14 the credits are claimed.

15 (b) Such credits specified in subsection (a) shall not be denied solely
16 on the basis of the information provided by the taxpayer pursuant to
17 subsections (a)(1) through (a)(6).

18 Sec. 21. K.S.A. 2007 Supp. 79-3606 is hereby amended to read as
19 follows: 79-3606. The following shall be exempt from the tax imposed by
20 this act:

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

33 (b) all sales of tangible personal property or service, including the
34 renting and leasing of tangible personal property, purchased directly by
35 the state of Kansas, a political subdivision thereof, other than a school or
36 educational institution, or purchased by a public or private nonprofit hos-
37 pital or public hospital authority or nonprofit blood, tissue or organ bank
38 and used exclusively for state, political subdivision, hospital or public hos-
39 pital authority or nonprofit blood, tissue or organ bank purposes, except
40 when: (1) Such state, hospital or public hospital authority is engaged or
41 proposes to engage in any business specifically taxable under the provi-
42 sions of this act and such items of tangible personal property or service
43 are used or proposed to be used in such business, or (2) such political

1 subdivision is engaged or proposes to engage in the business of furnishing
2 gas, electricity or heat to others and such items of personal property or
3 service are used or proposed to be used in such business;

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

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

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

43 (e) all sales of tangible personal property or services purchased by a

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

31 (f) tangible personal property purchased by a railroad or public utility
32 for consumption or movement directly and immediately in interstate
33 commerce;

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

43 (h) all rentals of nonsectarian textbooks by public or private elemen-

- 1 tary or secondary schools;
- 2 (i) the lease or rental of all films, records, tapes, or any type of sound
3 or picture transcriptions used by motion picture exhibitors;
- 4 (j) meals served without charge or food used in the preparation of
5 such meals to employees of any restaurant, eating house, dining car, hotel,
6 drugstore or other place where meals or drinks are regularly sold to the
7 public if such employees' duties are related to the furnishing or sale of
8 such meals or drinks;
- 9 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
10 defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and
11 delivered in this state to a bona fide resident of another state, which motor
12 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
13 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
14 remain in this state more than 10 days;
- 15 (l) all isolated or occasional sales of tangible personal property, serv-
16 ices, substances or things, except isolated or occasional sale of motor
17 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.
18 79-3603 and amendments thereto;
- 19 (m) all sales of tangible personal property which become an ingre-
20 dient or component part of tangible personal property or services pro-
21 duced, manufactured or compounded for ultimate sale at retail within or
22 without the state of Kansas; and any such producer, manufacturer or
23 compounder may obtain from the director of taxation and furnish to the
24 supplier an exemption certificate number for tangible personal property
25 for use as an ingredient or component part of the property or services
26 produced, manufactured or compounded;
- 27 (n) all sales of tangible personal property which is consumed in the
28 production, manufacture, processing, mining, drilling, refining or com-
29 pounding of tangible personal property, the treating of by-products or
30 wastes derived from any such production process, the providing of serv-
31 ices or the irrigation of crops for ultimate sale at retail within or without
32 the state of Kansas; and any purchaser of such property may obtain from
33 the director of taxation and furnish to the supplier an exemption certifi-
34 cate number for tangible personal property for consumption in such pro-
35 duction, manufacture, processing, mining, drilling, refining, compound-
36 ing, treating, irrigation and in providing such services;
- 37 (o) all sales of animals, fowl and aquatic plants and animals, the pri-
38 mary purpose of which is use in agriculture or aquaculture, as defined in
39 K.S.A. 47-1901, and amendments thereto, the production of food for
40 human consumption, the production of animal, dairy, poultry or aquatic
41 plant and animal products, fiber or fur, or the production of offspring for
42 use for any such purpose or purposes;
- 43 (p) all sales of drugs dispensed pursuant to a prescription order by a

1 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
2 1626, and amendments thereto. As used in this subsection, “drug” means
3 a compound, substance or preparation and any component of a com-
4 pound, substance or preparation, other than food and food ingredients,
5 dietary supplements or alcoholic beverages, recognized in the official
6 United States pharmacopoeia, official homeopathic pharmacopoeia of the
7 United States or official national formulary, and supplement to any of
8 them, intended for use in the diagnosis, cure, mitigation, treatment or
9 prevention of disease or intended to affect the structure or any function
10 of the body;

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

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

34 (s) except as provided in K.S.A. 2007 Supp. 82a-2101, and amend-
35 ments thereto, all sales of tangible personal property or services pur-
36 chased directly or indirectly by a groundwater management district or-
37 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and
38 amendments thereto, by a rural water district organized or operating un-
39 der the authority of K.S.A. 82a-612, and amendments thereto, or by a
40 water supply district organized or operating under the authority of K.S.A.
41 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,
42 which property or services are used in the construction activities, opera-
43 tion or maintenance of the district;

- 1 (t) all sales of farm machinery and equipment or aquaculture ma-
2 chinery and equipment, repair and replacement parts therefor and serv-
3 ices performed in the repair and maintenance of such machinery and
4 equipment. For the purposes of this subsection the term “farm machinery
5 and equipment or aquaculture machinery and equipment” shall include
6 a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
7 thereto, and is equipped with a bed or cargo box for hauling materials,
8 and shall also include machinery and equipment used in the operation of
9 Christmas tree farming but shall not include any passenger vehicle, truck,
10 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,
11 as such terms are defined by K.S.A. 8-126 and amendments thereto.
12 “Farm machinery and equipment” includes precision farming equipment
13 that is portable or is installed or purchased to be installed on farm ma-
14 chinery and equipment. “Precision farming equipment” includes the fol-
15 lowing items used only in computer-assisted farming, ranching or aqua-
16 culture production operations: Soil testing sensors, yield monitors,
17 computers, monitors, software, global positioning and mapping systems,
18 guiding systems, modems, data communications equipment and any nec-
19 cessary mounting hardware, wiring and antennas. Each purchaser of farm
20 machinery and equipment or aquaculture machinery and equipment ex-
21 empted herein must certify in writing on the copy of the invoice or sales
22 ticket to be retained by the seller that the farm machinery and equipment
23 or aquaculture machinery and equipment purchased will be used only in
24 farming, ranching or aquaculture production. Farming or ranching shall
25 include the operation of a feedlot and farm and ranch work for hire and
26 the operation of a nursery;
- 27 (u) all leases or rentals of tangible personal property used as a dwell-
28 ing if such tangible personal property is leased or rented for a period of
29 more than 28 consecutive days;
- 30 (v) all sales of tangible personal property to any contractor for use in
31 preparing meals for delivery to homebound elderly persons over 60 years
32 of age and to homebound disabled persons or to be served at a group-
33 sitting at a location outside of the home to otherwise homebound elderly
34 persons over 60 years of age and to otherwise homebound disabled per-
35 sons, as all or part of any food service project funded in whole or in part
36 by government or as part of a private nonprofit food service project avail-
37 able to all such elderly or disabled persons residing within an area of
38 service designated by the private nonprofit organization, and all sales of
39 tangible personal property for use in preparing meals for consumption by
40 indigent or homeless individuals whether or not such meals are consumed
41 at a place designated for such purpose, and all sales of food products by
42 or on behalf of any such contractor or organization for any such purpose;
- 43 (w) all sales of natural gas, electricity, heat and water delivered

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

11 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
12 for the production of heat or lighting for noncommercial use of an oc-
13 cupant of residential premises occurring prior to January 1, 2006;

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

18 (z) all sales of tangible personal property and services purchased di-
19 rectly by a port authority or by a contractor therefor as provided by the
20 provisions of K.S.A. 12-3418 and amendments thereto;

21 (aa) all sales of materials and services applied to equipment which is
22 transported into the state from without the state for repair, service, al-
23 teration, maintenance, remanufacture or modification and which is sub-
24 sequently transported outside the state for use in the transmission of
25 liquids or natural gas by means of pipeline in interstate or foreign com-
26 merce under authority of the laws of the United States;

27 (bb) all sales of used mobile homes or manufactured homes. As used
28 in this subsection: (1) “Mobile homes” and “manufactured homes” shall
29 have the meanings ascribed thereto by K.S.A. 58-4202 and amendments
30 thereto; and (2) “sales of used mobile homes or manufactured homes”
31 means sales other than the original retail sale thereof;

32 (cc) all sales of tangible personal property or services purchased for
33 the purpose of and in conjunction with constructing, reconstructing, en-
34 larging or remodeling a ~~business or retail business which meets the~~
35 ~~requirements established in K.S.A. 74-50,115 and amendments thereto~~
36 *Kansas business facility* and the sale and installation of machinery and
37 equipment purchased for installation at any such ~~business or retail~~ *Kansas*
38 *business facility*. When a ~~person shall contract~~ *Kansas jobs or opportunity*
39 *zone taxpayer, as defined in section 11, and amendments thereto, or an*
40 *eligible taxpayer, as defined in sections 2 and 3, and amendments thereto,*
41 *purchases machinery and equipment or contracts for the construction,*
42 *reconstruction, enlargement or remodeling of any such Kansas business*
43 ~~or retail business facility, such person taxpayer shall obtain from the state~~

1 and furnish to the contractor an exemption certificate for the project
2 involved, and the contractor may purchase materials, machinery and
3 equipment for incorporation in such project. *Such exemption certificate*
4 *shall not extend beyond two years from the date of the application for the*
5 *exemption certificate. Extensions may be granted under proper circum-*
6 *stances.* The contractor shall furnish the number of such certificates to
7 all suppliers from whom such purchases are made, and such suppliers
8 shall execute invoices covering the same bearing the number of such
9 certificate. Upon completion of the project the contractor shall furnish to
10 the ~~owner of the business or retail business taxpayer~~ a sworn statement,
11 on a form to be provided by the director of taxation, that all purchases so
12 made were entitled to exemption under this subsection. All invoices shall
13 be held by the contractor for a period of five years and shall be subject
14 to audit by the director of taxation. Any contractor or any agent, employee
15 or subcontractor thereof, who shall use or otherwise dispose of any ma-
16 terials, machinery or equipment purchased under such a certificate for
17 any purpose other than that for which such a certificate is issued without
18 the payment of the sales or compensating tax otherwise imposed thereon,
19 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
20 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615
21 and amendments thereto. ~~As used in this subsection, "business" and "re-~~
22 ~~tail business" have the meanings respectively ascribed thereto by K.S.A.~~
23 ~~74-50,114 and amendments thereto~~ Any person constructing, recon-
24 structing, remodeling or enlarging a facility which will be leased in whole
25 or in part for a period of five years or more, to a Kansas jobs or oppor-
26 tunity zone credit taxpayer as defined in section 11, and amendments
27 thereto, or an eligible taxpayer as defined in section 2, and amendments
28 thereto, that would be eligible for a sales tax exemption under the provi-
29 sions of this subsection, if such taxpayer had constructed, reconstructed,
30 enlarged or remodeled such facility or portion thereof itself shall be en-
31 titled to the sales tax exemption under the provisions of this subsection.
32 When such person leases less than the total facility to such taxpayer, a
33 project exemption certificate may be granted on: (1) The total cost of
34 constructing, reconstructing, remodeling or enlarging, the facility multi-
35 plied by a fraction given by dividing the number of leased square feet
36 eligible for the sales tax exemption by the total square feet being con-
37 structed, reconstructed, remodeled or enlarged; or (2) the actual cost of
38 constructing, reconstructing, remodeling or enlarging that portion of the
39 facility to be occupied by such taxpayer, as the person may elect;
40 (dd) all sales of tangible personal property purchased with food
41 stamps issued by the United States department of agriculture;
42 (ee) all sales of lottery tickets and shares made as part of a lottery
43 operated by the state of Kansas;

- 1 (ff) on and after July 1, 1988, all sales of new mobile homes or man-
2 ufactured homes to the extent of 40% of the gross receipts, determined
3 without regard to any trade-in allowance, received from such sale. As used
4 in this subsection, “mobile homes” and “manufactured homes” shall have
5 the meanings ascribed thereto by K.S.A. 58-4202 and amendments
6 thereto;
- 7 (gg) all sales of tangible personal property purchased in accordance
8 with vouchers issued pursuant to the federal special supplemental food
9 program for women, infants and children;
- 10 (hh) all sales of medical supplies and equipment, including durable
11 medical equipment, purchased directly by a nonprofit skilled nursing
12 home or nonprofit intermediate nursing care home, as defined by K.S.A.
13 39-923, and amendments thereto, for the purpose of providing medical
14 services to residents thereof. This exemption shall not apply to tangible
15 personal property customarily used for human habitation purposes. As
16 used in this subsection, “durable medical equipment” means equipment
17 including repair and replacement parts for such equipment, which can
18 withstand repeated use, is primarily and customarily used to serve a med-
19 ical purpose, generally is not useful to a person in the absence of illness
20 or injury and is not worn in or on the body, but does not include mobility
21 enhancing equipment as defined in subsection (r), oxygen delivery equip-
22 ment, kidney dialysis equipment or enteral feeding systems;
- 23 (ii) all sales of tangible personal property purchased directly by a non-
24 profit organization for nonsectarian comprehensive multidiscipline youth
25 development programs and activities provided or sponsored by such or-
26 ganization, and all sales of tangible personal property by or on behalf of
27 any such organization. This exemption shall not apply to tangible personal
28 property customarily used for human habitation purposes;
- 29 (jj) all sales of tangible personal property or services, including the
30 renting and leasing of tangible personal property, purchased directly on
31 behalf of a community-based mental retardation facility or mental health
32 center organized pursuant to K.S.A. 19-4001 et seq., and amendments
33 thereto, and licensed in accordance with the provisions of K.S.A. 75-
34 3307b and amendments thereto and all sales of tangible personal property
35 or services purchased by contractors during the time period from July,
36 2003, through June, 2006, for the purpose of constructing, equipping,
37 maintaining or furnishing a new facility for a community-based mental
38 retardation facility or mental health center located in Riverton, Cherokee
39 County, Kansas, which would have been eligible for sales tax exemption
40 pursuant to this subsection if purchased directly by such facility or center.
41 This exemption shall not apply to tangible personal property customarily
42 used for human habitation purposes;
- 43 (kk) (1) (A) all sales of machinery and equipment which are used in

1 this state as an integral or essential part of an integrated production op-
2 eration by a manufacturing or processing plant or facility;

3 (B) all sales of installation, repair and maintenance services per-
4 formed on such machinery and equipment; and

5 (C) all sales of repair and replacement parts and accessories pur-
6 chased for such machinery and equipment.

7 (2) For purposes of this subsection:

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

18 (B) “production line” means the assemblage of machinery and equip-
19 ment at a manufacturing or processing plant or facility where the actual
20 transformation or processing of tangible personal property occurs;

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

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

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

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

30 (F) “primary” or “primarily” mean more than 50% of the time.

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

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

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

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

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

- 1 (E) to test or measure raw materials, the property undergoing man-
2 ufacturing or processing or the finished product, as a necessary part of
3 the manufacturer's integrated production operations;
- 4 (F) to plan, manage, control or record the receipt and flow of inven-
5 tories of raw materials, consumables and component parts, the flow of
6 the property undergoing manufacturing or processing and the manage-
7 ment of inventories of the finished product;
- 8 (G) to produce energy for, lubricate, control the operating of or oth-
9 erwise enable the functioning of other production machinery and equip-
10 ment and the continuation of production operations;
- 11 (H) to package the property being manufactured or processed in a
12 container or wrapping in which such property is normally sold or
13 transported;
- 14 (I) to transmit or transport electricity, coke, gas, water, steam or sim-
15 ilar substances used in production operations from the point of genera-
16 tion, if produced by the manufacturer or processor at the plant site, to
17 that manufacturer's production operation; or, if purchased or delivered
18 from offsite, from the point where the substance enters the site of the
19 plant or facility to that manufacturer's production operations;
- 20 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
21 oil, solvents or other substances that are used in production operations;
- 22 (K) to provide and control an environment required to maintain cer-
23 tain levels of air quality, humidity or temperature in special and limited
24 areas of the plant or facility, where such regulation of temperature or
25 humidity is part of and essential to the production process;
- 26 (L) to treat, transport or store waste or other byproducts of produc-
27 tion operations at the plant or facility; or
- 28 (M) to control pollution at the plant or facility where the pollution is
29 produced by the manufacturing or processing operation.
- 30 (4) The following machinery, equipment and materials shall be
31 deemed to be exempt even though it may not otherwise qualify as ma-
32 chinery and equipment used as an integral or essential part of an inte-
33 grated production operation: (A) Computers and related peripheral
34 equipment that are utilized by a manufacturing or processing business
35 for engineering of the finished product or for research and development
36 or product design; (B) machinery and equipment that is utilized by a
37 manufacturing or processing business to manufacture or rebuild tangible
38 personal property that is used in manufacturing or processing operations,
39 including tools, dies, molds, forms and other parts of qualifying machinery
40 and equipment; (C) portable plants for aggregate concrete, bulk cement
41 and asphalt including cement mixing drums to be attached to a motor
42 vehicle; (D) industrial fixtures, devices, support facilities and special foun-
43 dations necessary for manufacturing and production operations, and ma-

1 materials and other tangible personal property sold for the purpose of fab-
2 ricating such fixtures, devices, facilities and foundations. An exemption
3 certificate for such purchases shall be signed by the manufacturer or
4 processor. If the fabricator purchases such material, the fabricator shall
5 also sign the exemption certificate; and (E) a manufacturing or processing
6 business' laboratory equipment that is not located at the plant or facility,
7 but that would otherwise qualify for exemption under subsection (3)(E).
8 (5) "Machinery and equipment used as an integral or essential part
9 of an integrated production operation" shall not include:
10 (A) Machinery and equipment used for nonproduction purposes, in-
11 cluding, but not limited to, machinery and equipment used for plant se-
12 curity, fire prevention, first aid, accounting, administration, record keep-
13 ing, advertising, marketing, sales or other related activities, plant cleaning,
14 plant communications, and employee work scheduling;
15 (B) machinery, equipment and tools used primarily in maintaining
16 and repairing any type of machinery and equipment or the building and
17 plant;
18 (C) transportation, transmission and distribution equipment not pri-
19 marily used in a production, warehousing or material handling operation
20 at the plant or facility, including the means of conveyance of natural gas,
21 electricity, oil or water, and equipment related thereto, located outside
22 the plant or facility;
23 (D) office machines and equipment including computers and related
24 peripheral equipment not used directly and primarily to control or mea-
25 sure the manufacturing process;
26 (E) furniture and other furnishings;
27 (F) buildings, other than exempt machinery and equipment that is
28 permanently affixed to or becomes a physical part of the building, and
29 any other part of real estate that is not otherwise exempt;
30 (G) building fixtures that are not integral to the manufacturing op-
31 eration, such as utility systems for heating, ventilation, air conditioning,
32 communications, plumbing or electrical;
33 (H) machinery and equipment used for general plant heating, cooling
34 and lighting;
35 (I) motor vehicles that are registered for operation on public high-
36 ways; or
37 (J) employee apparel, except safety and protective apparel that is pur-
38 chased by an employer and furnished gratuitously to employees who are
39 involved in production or research activities.
40 (6) Subsections (3) and (5) shall not be construed as exclusive listings
41 of the machinery and equipment that qualify or do not qualify as an
42 integral or essential part of an integrated production operation. When
43 machinery or equipment is used as an integral or essential part of pro-

- 1 duction operations part of the time and for nonproduction purpose at
2 other times, the primary use of the machinery or equipment shall deter-
3 mine whether or not such machinery or equipment qualifies for
4 exemption.
- 5 (7) The secretary of revenue shall adopt rules and regulations nec-
6 essary to administer the provisions of this subsection;
- 7 (ll) all sales of educational materials purchased for distribution to the
8 public at no charge by a nonprofit corporation organized for the purpose
9 of encouraging, fostering and conducting programs for the improvement
10 of public health;
- 11 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
12 herbicides, germicides, pesticides and fungicides; and services, purchased
13 and used for the purpose of producing plants in order to prevent soil
14 erosion on land devoted to agricultural use;
- 15 (nn) except as otherwise provided in this act, all sales of services ren-
16 dered by an advertising agency or licensed broadcast station or any mem-
17 ber, agent or employee thereof;
- 18 (oo) all sales of tangible personal property purchased by a community
19 action group or agency for the exclusive purpose of repairing or weath-
20 erizing housing occupied by low income individuals;
- 21 (pp) all sales of drill bits and explosives actually utilized in the explo-
22 ration and production of oil or gas;
- 23 (qq) all sales of tangible personal property and services purchased by
24 a nonprofit museum or historical society or any combination thereof, in-
25 cluding a nonprofit organization which is organized for the purpose of
26 stimulating public interest in the exploration of space by providing edu-
27 cational information, exhibits and experiences, which is exempt from fed-
28 eral income taxation pursuant to section 501(c)(3) of the federal internal
29 revenue code of 1986;
- 30 (rr) all sales of tangible personal property which will admit the pur-
31 chaser thereof to any annual event sponsored by a nonprofit organization
32 which is exempt from federal income taxation pursuant to section
33 501(c)(3) of the federal internal revenue code of 1986;
- 34 (ss) all sales of tangible personal property and services purchased by
35 a public broadcasting station licensed by the federal communications
36 commission as a noncommercial educational television or radio station;
- 37 (tt) all sales of tangible personal property and services purchased by
38 or on behalf of a not-for-profit corporation which is exempt from federal
39 income taxation pursuant to section 501(c)(3) of the federal internal rev-
40 enue code of 1986, for the sole purpose of constructing a Kansas Korean
41 War memorial;
- 42 (uu) all sales of tangible personal property and services purchased by
43 or on behalf of any rural volunteer fire-fighting organization for use ex-

- 1 exclusively in the performance of its duties and functions;
- 2 (vv) all sales of tangible personal property purchased by any of the
3 following organizations which are exempt from federal income taxation
4 pursuant to section 501 (c)(3) of the federal internal revenue code of
5 1986, for the following purposes, and all sales of any such property by or
6 on behalf of any such organization for any such purpose:
- 7 (1) The American Heart Association, Kansas Affiliate, Inc. for the
8 purposes of providing education, training, certification in emergency car-
9 diac care, research and other related services to reduce disability and
10 death from cardiovascular diseases and stroke;
- 11 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
12 advocacy for persons with mental illness and to education, research and
13 support for their families;
- 14 (3) the Kansas Mental Illness Awareness Council for the purposes of
15 advocacy for persons who are mentally ill and to education, research and
16 support for them and their families;
- 17 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
18 purpose of eliminating diabetes through medical research, public edu-
19 cation focusing on disease prevention and education, patient education
20 including information on coping with diabetes, and professional education
21 and training;
- 22 (5) the American Lung Association of Kansas, Inc. for the purpose of
23 eliminating all lung diseases through medical research, public education
24 including information on coping with lung diseases, professional educa-
25 tion and training related to lung disease and other related services to
26 reduce the incidence of disability and death due to lung disease;
- 27 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-
28 orders Association, Inc. for the purpose of providing assistance and sup-
29 port to persons in Kansas with Alzheimer's disease, and their families and
30 caregivers;
- 31 (7) the Kansas chapters of the Parkinson's disease association for the
32 purpose of eliminating Parkinson's disease through medical research and
33 public and professional education related to such disease;
- 34 (8) the National Kidney Foundation of Kansas and Western Missouri
35 for the purpose of eliminating kidney disease through medical research
36 and public and private education related to such disease;
- 37 (9) the heartstrings community foundation for the purpose of provid-
38 ing training, employment and activities for adults with developmental
39 disabilities;
- 40 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
41 the purposes of assuring the development of the means to cure and con-
42 trol cystic fibrosis and improving the quality of life for those with the
43 disease;

- 1 (11) the spina bifida association of Kansas for the purpose of provid-
2 ing financial, educational and practical aid to families and individuals with
3 spina bifida. Such aid includes, but is not limited to, funding for medical
4 devices, counseling and medical educational opportunities;
- 5 (12) the CHWC, Inc., for the purpose of rebuilding urban core neigh-
6 borhoods through the construction of new homes, acquiring and reno-
7 vating existing homes and other related activities, and promoting eco-
8 nomic development in such neighborhoods;
- 9 (13) the cross-lines cooperative council for the purpose of providing
10 social services to low income individuals and families;
- 11 (14) the Dreams Work, Inc., for the purpose of providing young adult
12 day services to individuals with developmental disabilities and assisting
13 families in avoiding institutional or nursing home care for a developmen-
14 tally disabled member of their family;
- 15 (15) the KSDS, Inc., for the purpose of promoting the independence
16 and inclusion of people with disabilities as fully participating and contrib-
17 uting members of their communities and society through the training and
18 providing of guide and service dogs to people with disabilities, and pro-
19 viding disability education and awareness to the general public;
- 20 (16) the lyme association of greater Kansas City, Inc., for the purpose
21 of providing support to persons with lyme disease and public education
22 relating to the prevention, treatment and cure of lyme disease;
- 23 (17) the Dream Factory, Inc., for the purpose of granting the dreams
24 of children with critical and chronic illnesses;
- 25 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
26 students and families with education and resources necessary to enable
27 each child to develop fine character and musical ability to the fullest
28 potential;
- 29 (19) the International Association of Lions Clubs for the purpose of
30 creating and fostering a spirit of understanding among all people for hu-
31 manitarian needs by providing voluntary services through community in-
32 volvement and international cooperation;
- 33 (20) the Johnson county young matrons, inc., for the purpose of pro-
34 moting a positive future for members of the community through volun-
35 teerism, financial support and education through the efforts of an all
36 volunteer organization;
- 37 (21) the American Cancer Society, Inc., for the purpose of eliminat-
38 ing cancer as a major health problem by preventing cancer, saving lives
39 and diminishing suffering from cancer, through research, education, ad-
40 vocacy and service;
- 41 (22) the community services of Shawnee, inc., for the purpose of
42 providing food and clothing to those in need; and
- 43 (23) the angel babies association, for the purpose of providing assis-

1 tance, support and items of necessity to teenage mothers and their babies;
2 (ww) all sales of tangible personal property purchased by the Habitat
3 for Humanity for the exclusive use of being incorporated within a housing
4 project constructed by such organization;
5 (xx) all sales of tangible personal property and services purchased by
6 a nonprofit zoo which is exempt from federal income taxation pursuant
7 to section 501(c)(3) of the federal internal revenue code of 1986, or on
8 behalf of such zoo by an entity itself exempt from federal income taxation
9 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
10 contracted with to operate such zoo and all sales of tangible personal
11 property or services purchased by a contractor for the purpose of con-
12 structing, equipping, reconstructing, maintaining, repairing, enlarging,
13 furnishing or remodeling facilities for any nonprofit zoo which would be
14 exempt from taxation under the provisions of this section if purchased
15 directly by such nonprofit zoo or the entity operating such zoo. Nothing
16 in this subsection shall be deemed to exempt the purchase of any con-
17 struction machinery, equipment or tools used in the constructing, equip-
18 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-
19 modeling facilities for any nonprofit zoo. When any nonprofit zoo shall
20 contract for the purpose of constructing, equipping, reconstructing, main-
21 taining, repairing, enlarging, furnishing or remodeling facilities, it shall
22 obtain from the state and furnish to the contractor an exemption certifi-
23 cate for the project involved, and the contractor may purchase materials
24 for incorporation in such project. The contractor shall furnish the number
25 of such certificate to all suppliers from whom such purchases are made,
26 and such suppliers shall execute invoices covering the same bearing the
27 number of such certificate. Upon completion of the project the contractor
28 shall furnish to the nonprofit zoo concerned a sworn statement, on a form
29 to be provided by the director of taxation, that all purchases so made were
30 entitled to exemption under this subsection. All invoices shall be held by
31 the contractor for a period of five years and shall be subject to audit by
32 the director of taxation. If any materials purchased under such a certifi-
33 cate are found not to have been incorporated in the building or other
34 project or not to have been returned for credit or the sales or compen-
35 sating tax otherwise imposed upon such materials which will not be so
36 incorporated in the building or other project reported and paid by such
37 contractor to the director of taxation not later than the 20th day of the
38 month following the close of the month in which it shall be determined
39 that such materials will not be used for the purpose for which such cer-
40 tificate was issued, the nonprofit zoo concerned shall be liable for tax on
41 all 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,

1 who shall use or otherwise dispose of any materials purchased under such
2 a certificate for any purpose other than that for which such a certificate
3 is 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 sub-
6 section (g) of K.S.A. 79-3615, and amendments thereto;

7 (yy) all sales of tangible personal property and services purchased by
8 a parent-teacher association or organization, and all sales of tangible per-
9 sonal property by or on behalf of such association or organization;

10 (zz) all sales of machinery and equipment purchased by over-the-air,
11 free access radio or television station which is used directly and primarily
12 for the purpose of producing a broadcast signal or is such that the failure
13 of the machinery or equipment to operate would cause broadcasting to
14 cease. For purposes of this subsection, machinery and equipment shall
15 include, but not be limited to, that required by rules and regulations of
16 the federal communications commission, and all sales of electricity which
17 are essential or necessary for the purpose of producing a broadcast signal
18 or is such that the failure of the electricity would cause broadcasting to
19 cease;

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

1 for a period of five years and shall be subject to audit by the director of
2 taxation. If any materials purchased under such a certificate are found
3 not to have been incorporated in the building or other project or not to
4 have been returned for credit or the sales or compensating tax otherwise
5 imposed upon such materials which will not be so incorporated in the
6 building or other project reported and paid by such contractor to the
7 director of taxation not later than the 20th day of the month following
8 the close of the month in which it shall be determined that such materials
9 will not be used for the purpose for which such certificate was issued,
10 such organization concerned shall be liable for tax on all materials pur-
11 chased for the project, and upon payment thereof it may recover the same
12 from the contractor together with reasonable attorney fees. Any contrac-
13 tor or any agent, employee or subcontractor thereof, who shall use or
14 otherwise dispose of any materials 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 upon
17 such materials, shall be guilty of a misdemeanor and, upon conviction
18 therefor, shall be subject to the penalties provided for in subsection (g)
19 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after
20 July 1, 1998, but prior to the effective date of this act upon the gross
21 receipts received from any sale exempted by the amendatory provisions
22 of this subsection shall be refunded. Each claim for a sales tax refund
23 shall be verified and submitted to the director of taxation upon forms
24 furnished by the director and shall be accompanied by any additional
25 documentation required by the director. The director shall review each
26 claim and shall refund that amount of sales tax paid as determined under
27 the provisions of this subsection. All refunds shall be paid from the sales
28 tax refund fund upon warrants of the director of accounts and reports
29 pursuant to vouchers approved by the director or the director's designee;

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

36 (ccc) on and after July 1, 1999, all sales of tangible personal property
37 and services purchased by a primary care clinic or health center the pri-
38 mary purpose of which is to provide services to medically underserved
39 individuals and families, and which is exempt from federal income taxa-
40 tion pursuant to section 501 (c)(3) of the federal internal revenue code,
41 and all sales of tangible personal property or services purchased by a
42 contractor for the purpose of constructing, equipping, reconstructing,
43 maintaining, repairing, enlarging, furnishing or remodeling facilities for

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

38 (ddd) on and after January 1, 1999, and before January 1, 2000, all
39 sales of materials and services purchased by any class II or III railroad as
40 classified by the federal surface transportation board for the construction,
41 renovation, repair or replacement of class II or III railroad track and
42 facilities used directly in interstate commerce. In the event any such track
43 or facility for which materials and services were purchased sales tax ex-

1 empt is not operational for five years succeeding the allowance of such
2 exemption, the total amount of sales tax which would have been payable
3 except for the operation of this subsection shall be recouped in accord-
4 ance with rules and regulations adopted for such purpose by the secretary
5 of revenue;

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

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

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

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

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

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

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

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

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

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

37 (nnn) all sales of tangible personal property and services purchased
38 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Chari-
39 table Fund for the purpose of constructing a boundless playground which
40 is an integrated, barrier free and developmentally advantageous play en-
41 vironment for children of all abilities and disabilities;

42 (ooo) all sales of tangible personal property by or on behalf of a public
43 library serving the general public and supported in whole or in part with

1 tax money or a not-for-profit organization whose purpose is to raise funds
2 for or provide services or other benefits to any such public library;

3 (ppp) all sales of tangible personal property and services purchased
4 by or on behalf of a homeless shelter which is exempt from federal income
5 taxation pursuant to section 501(c)(3) of the federal income tax code of
6 1986, and used by any such homeless shelter to provide emergency and
7 transitional housing for individuals and families experiencing homeless-
8 ness, and all sales of any such property by or on behalf of any such home-
9 less shelter for any such purpose;

10 (qqq) all sales of tangible personal property and services purchased
11 by TLC for children and families, inc., hereinafter referred to as TLC,
12 which is exempt from federal income taxation pursuant to section
13 501(c)(3) of the federal internal revenue code of 1986, and which such
14 property and services are used for the purpose of providing emergency
15 shelter and treatment for abused and neglected children as well as meet-
16 ing additional critical needs for children, juveniles and family, and all sales
17 of any such property by or on behalf of TLC for any such purpose; and
18 all sales of tangible personal property or services purchased by a contrac-
19 tor for the purpose of constructing, maintaining, repairing, enlarging, fur-
20 nishing or remodeling facilities for the operation of services for TLC for
21 any such purpose which would be exempt from taxation under the pro-
22 visions of this section if purchased directly by TLC. Nothing in this sub-
23 section shall be deemed to exempt the purchase of any construction ma-
24 chinery, equipment or tools used in the constructing, maintaining,
25 repairing, enlarging, furnishing or remodeling such facilities for TLC.
26 When TLC contracts for the purpose of constructing, maintaining, re-
27 pairing, enlarging, furnishing or remodeling such facilities, it shall obtain
28 from the state and furnish to the contractor an exemption certificate for
29 the project involved, and the contractor may purchase materials for in-
30 corporation in such project. The contractor shall furnish the number of
31 such certificate to all suppliers from whom such purchases are made, and
32 such suppliers shall execute invoices covering the same bearing the num-
33 ber of such certificate. Upon completion of the project the contractor
34 shall furnish to TLC a sworn statement, on a form to be provided by the
35 director of taxation, that all purchases so made were entitled to exemption
36 under this subsection. All invoices shall be held by the contractor for a
37 period of five years and shall be subject to audit by the director of taxation.
38 If any materials purchased under such a certificate are found not to have
39 been incorporated in the building or other project or not to have been
40 returned for credit or the sales or compensating tax otherwise imposed
41 upon such materials which will not be so incorporated in the building or
42 other project reported and paid by such contractor to the director of
43 taxation not later than the 20th day of the month following the close of

1 the month in which it shall be determined that such materials will not be
2 used for the purpose for which such certificate was issued, TLC shall be
3 liable for tax on all materials purchased for the project, and upon payment
4 thereof it may recover the same from the contractor together with rea-
5 sonable attorney fees. Any contractor or any agent, employee or subcon-
6 tractor thereof, who shall use or otherwise dispose of any materials pur-
7 chased under such a certificate for any purpose other than that for which
8 such a certificate is issued without the payment of the sales or compen-
9 sating tax otherwise imposed upon such materials, shall be guilty of a
10 misdemeanor and, upon conviction therefor, shall be subject to the pen-
11 alties provided for in subsection (g) of K.S.A. 79-3615, and amendments
12 thereto;

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

21 (sss) all sales of tangible personal property and services purchased by
22 catholic charities or youthville, hereinafter referred to as charitable family
23 providers, which is exempt from federal income taxation pursuant to sec-
24 tion 501(c)(3) of the federal internal revenue code of 1986, and which
25 such property and services are used for the purpose of providing emer-
26 gency shelter and treatment for abused and neglected children as well as
27 meeting additional critical needs for children, juveniles and family, and
28 all sales of any such property by or on behalf of charitable family providers
29 for any such purpose; and all sales of tangible personal property or serv-
30 ices purchased by a contractor for the purpose of constructing, maintain-
31 ing, repairing, enlarging, furnishing or remodeling facilities for the op-
32 eration of services for charitable family providers for any such purpose
33 which would be exempt from taxation under the provisions of this section
34 if purchased directly by charitable family providers. Nothing in this sub-
35 section shall be deemed to exempt the purchase of any construction ma-
36 chinery, equipment or tools used in the constructing, maintaining, re-
37 pairing, enlarging, furnishing or remodeling such facilities for charitable
38 family providers. When charitable family providers contracts for the pur-
39 pose of constructing, maintaining, repairing, enlarging, furnishing or re-
40 modeling such facilities, it shall obtain from the state and furnish to the
41 contractor an exemption certificate for the project involved, and the con-
42 tractor may purchase materials for incorporation in such project. The
43 contractor shall furnish the number of such certificate to all suppliers

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

26 (ttt) all sales of tangible personal property or services purchased by
27 a contractor for a project for the purpose of restoring, constructing, equip-
28 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-
29 modeling a home or facility owned by a nonprofit museum which has
30 been granted an exemption pursuant to subsection (qq), which such home
31 or facility is located in a city which has been designated as a qualified
32 hometown pursuant to the provisions of K.S.A. 75-5071, et seq., and
33 amendments thereto, and which such project is related to the purposes
34 of K.S.A. 75-5071, et seq., and amendments thereto, and which would
35 be exempt from taxation under the provisions of this section if purchased
36 directly by such nonprofit museum. Nothing in this subsection shall be
37 deemed to exempt the purchase of any construction machinery, equip-
38 ment or tools used in the restoring, constructing, equipping, reconstruct-
39 ing, maintaining, repairing, enlarging, furnishing or remodeling a home
40 or facility for any such nonprofit museum. When any such nonprofit mu-
41 seum shall contract for the purpose of restoring, constructing, equipping,
42 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
43 ing a home or facility, it shall obtain from the state and furnish to the

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

29 (uuu) all sales of tangible personal property and services purchased
30 by Kansas children's service league, hereinafter referred to as KCSL,
31 which is exempt from federal income taxation pursuant to section
32 501(c)(3) of the federal internal revenue code of 1986, and which such
33 property and services are used for the purpose of providing for the pre-
34 vention and treatment of child abuse and maltreatment as well as meeting
35 additional critical needs for children, juveniles and family, and all sales of
36 any such property by or on behalf of KCSL for any such purpose; and all
37 sales of tangible personal property or services purchased by a contractor
38 for the purpose of constructing, maintaining, repairing, enlarging, fur-
39 nishing or remodeling facilities for the operation of services for KCSL
40 for any such purpose which would be exempt from taxation under the
41 provisions of this section if purchased directly by KCSL. Nothing in this
42 subsection shall be deemed to exempt the purchase of any construction
43 machinery, equipment or tools used in the constructing, maintaining, re-

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

32 (vvv) all sales of tangible personal property or services, including the
33 renting and leasing of tangible personal property or services, *purchased*
34 by Jazz in the Woods, Inc., a Kansas corporation which is exempt from
35 federal income taxation pursuant to section 501 (c)(3) of the federal in-
36 ternal revenue code, for the purpose of providing Jazz in the Woods, an
37 event benefiting children-in-need and other nonprofit charities assisting
38 such children, and all sales of any such property by or on behalf of such
39 organization for such purpose;

40 (www) all sales of tangible personal property purchased by or on be-
41 half of the Frontenac Education Foundation, which is exempt from fed-
42 eral income taxation pursuant to section 501 (c)(3) of the federal internal
43 revenue code, for the purpose of providing education support for stu-

1 dents, and all sales of any such property by or on behalf of such organi-
2 zation for such purpose;

3 (xxx) all sales of personal property and services purchased by the
4 booth theatre foundation, inc., an organization which is exempt from fed-
5 eral income taxation pursuant to section 501(c)(3) of the federal internal
6 revenue code of 1986, and which such personal property and services are
7 used by any such organization in the constructing, equipping, recon-
8 structing, maintaining, repairing, enlarging, furnishing or remodeling of
9 the booth theatre, and all sales of tangible personal property or services
10 purchased by a contractor for the purpose of constructing, equipping,
11 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
12 ing the booth theatre for such organization, which would be exempt from
13 taxation under the provisions of this section if purchased directly by such
14 organization. Nothing in this subsection shall be deemed to exempt the
15 purchase of any construction machinery, equipment or tools used in the
16 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
17 ing, furnishing or remodeling facilities for any such organization. When
18 any such organization shall contract for the purpose of constructing,
19 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
20 or remodeling facilities, it shall obtain from the state and furnish to the
21 contractor an exemption certificate for the project involved, and the con-
22 tractor may purchase materials for incorporation in such project. The
23 contractor shall furnish the number of such certificate to all suppliers
24 from whom such purchases are made, and such suppliers shall execute
25 invoices covering the same bearing the number of such certificate. Upon
26 completion of the project the contractor shall furnish to such organization
27 concerned a sworn statement, on a form to be provided by the director
28 of taxation, that all purchases so made were entitled to exemption under
29 this subsection. All invoices shall be held by the contractor for a period
30 of five years and shall be subject to audit by the director of taxation. If
31 any materials purchased under such a certificate are found not to have
32 been incorporated in such facilities or not to have been returned for credit
33 or the sales or compensating tax otherwise imposed upon such materials
34 which will not be so incorporated in such facilities reported and paid by
35 such contractor to the director of taxation not later than the 20th day of
36 the month following the close of the month in which it shall be deter-
37 mined that such materials will not be used for the purpose for which such
38 certificate was issued, such organization concerned shall be liable for tax
39 on all materials purchased for the project, and upon payment thereof it
40 may recover the same from the contractor together with reasonable at-
41 torney fees. Any contractor or any agent, employee or subcontractor
42 thereof, who shall use or otherwise dispose of any materials purchased
43 under such a certificate for any purpose other than that for which such a

1 certificate is issued without the payment of the sales or compensating tax
2 otherwise imposed upon such materials, shall be guilty of a misdemeanor
3 and, upon conviction therefor, shall be subject to the penalties provided
4 for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales
5 tax paid on and after January 1, 2007, but prior to the effective date of
6 this act upon the gross receipts received from any sale which would have
7 been exempted by the provisions of this subsection had such sale occurred
8 after the effective date of this act shall be refunded. Each claim for a
9 sales tax refund shall be verified and submitted to the director of taxation
10 upon forms furnished by the director and shall be accompanied by any
11 additional documentation required by the director. The director shall
12 review each claim and shall refund that amount of sales tax paid as de-
13 termined under the provisions of this subsection. All refunds shall be paid
14 from the sales tax refund fund upon warrants of the director of accounts
15 and reports pursuant to vouchers approved by the director or the direc-
16 tor's designee;

17 (yyy) all sales of tangible personal property and services purchased
18 by TLC charities foundation, inc., hereinafter referred to as TLC chari-
19 ties, which is exempt from federal income taxation pursuant to section
20 501(c)(3) of the federal internal revenue code of 1986, and which such
21 property and services are used for the purpose of encouraging private
22 philanthropy to further the vision, values, and goals of TLC for children
23 and families, inc.; and all sales of such property and services by or on
24 behalf of TLC charities for any such purpose and all sales of tangible
25 personal property or services purchased by a contractor for the purpose
26 of constructing, maintaining, repairing, enlarging, furnishing or remodel-
27 ing facilities for the operation of services for TLC charities for any such
28 purpose which would be exempt from taxation under the provisions of
29 this section if purchased directly by TLC charities. Nothing in this sub-
30 section shall be deemed to exempt the purchase of any construction ma-
31 chinery, equipment or tools used in the constructing, maintaining, re-
32 pairing, enlarging, furnishing or remodeling such facilities for TLC
33 charities. When TLC charities contracts for the purpose of constructing,
34 maintaining, repairing, enlarging, furnishing or remodeling such facilities,
35 it shall obtain from the state and furnish to the contractor an exemption
36 certificate for the project involved, and the contractor may purchase ma-
37 terials for incorporation in such project. The contractor shall furnish the
38 number of such certificate to all suppliers from whom such purchases are
39 made, and such suppliers shall execute invoices covering the same bearing
40 the number of such certificate. Upon completion of the project the con-
41 tractor shall furnish to TLC charities a sworn statement, on a form to be
42 provided by the director of taxation, that all purchases so made were
43 entitled to exemption under this subsection. All invoices shall be held by

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

20 (zzz) all sales of tangible personal property purchased by the rotary
 21 club of shawnee foundation which is exempt from federal income taxation
 22 pursuant to section 501 (c)(3) of the federal internal revenue code of
 23 1986, as amended, used for the purpose of providing contributions to
 24 community service organizations and scholarships; and

25 (aaaa) all sales of personal property and services purchased by or on
 26 behalf of victory in the valley, inc., which is exempt from federal income
 27 taxation pursuant to section 501 (c)(3) of the federal internal revenue
 28 code, for the purpose of providing a cancer support group and services
 29 for persons with cancer, and all sales of any such property by or on behalf
 30 of any such organization for any such purpose.

31 Sec. 22. K.S.A. 40-253a, 74-50,113, 74-50,116, 74-50,117, 74-50,118,
 32 74-50,119, 74-50,135, 74-50,135a, 74-8945, 79-32,155, 79-32,156, 79-
 33 32,157, 79-32,158, 79-32,159, 79-32,159a, 79-32,159b, 79-32,159c, 79-
 34 32,160, 79-32,160b and 79-32,160c and K.S.A. 2007 Supp. 74-50,114, 74-
 35 50,115, 74-50,131, 74-50,132, 74-50,133, 74-50,134, 79-32,111,
 36 79-32,153, 79-32,154, 79-32,160a, 79-32,243 and 79-3606 are hereby
 37 repealed.

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