

Senate Substitute for HOUSE BILL No. 2058

By Committee on Assessment and Taxation

3-20

1 AN ACT concerning sales taxation; relating to exemptions; amending
2 K.S.A. 2013 Supp. 79-3606 and repealing the existing section.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. K.S.A. 2013 Supp. 79-3606 is hereby amended to read as
6 follows: 79-3606. The following shall be exempt from the tax imposed by
7 this act:

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

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

34 (c) all sales of tangible personal property or services, including the
35 renting and leasing of tangible personal property, purchased directly by a
36 public or private elementary or secondary school or public or private

1 nonprofit educational institution and used primarily by such school or
2 institution for nonsectarian programs and activities provided or sponsored
3 by such school or institution or in the erection, repair or enlargement of
4 buildings to be used for such purposes. The exemption herein provided
5 shall not apply to erection, construction, repair, enlargement or equipment
6 of buildings used primarily for human habitation;

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

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

36 (e) all sales of tangible personal property or services purchased by a
37 contractor for the erection, repair or enlargement of buildings or other
38 projects for the government of the United States, its agencies or
39 instrumentalities, which would be exempt from taxation if purchased
40 directly by the government of the United States, its agencies or
41 instrumentalities. When the government of the United States, its agencies
42 or instrumentalities shall contract for the erection, repair, or enlargement
43 of any building or other project, it shall obtain from the state and furnish to

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

24 (f) tangible personal property purchased by a railroad or public utility
25 for consumption or movement directly and immediately in interstate
26 commerce;

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

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

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

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

1 such meals or drinks;

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

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

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

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

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

37 (p) all sales of drugs dispensed pursuant to a prescription order by a
38 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
39 1626, and amendments thereto. As used in this subsection, "drug" means a
40 compound, substance or preparation and any component of a compound,
41 substance or preparation, other than food and food ingredients, dietary
42 supplements or alcoholic beverages, recognized in the official United
43 States pharmacopoeia, official homeopathic pharmacopoeia of the United

1 States or official national formulary, and supplement to any of them,
2 intended for use in the diagnosis, cure, mitigation, treatment or prevention
3 of disease or intended to affect the structure or any function of the body,
4 except that for taxable years commencing after December 31, 2013, this
5 subsection shall not apply to any sales of drugs used in the performance or
6 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
7 thereto;

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

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

32 (s) except as provided in K.S.A. 2013 Supp. 82a-2101, and
33 amendments thereto, all sales of tangible personal property or services
34 purchased directly or indirectly by a groundwater management district
35 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
36 amendments thereto, by a rural water district organized or operating under
37 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
38 supply district organized or operating under the authority of K.S.A. 19-
39 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
40 property or services are used in the construction activities, operation or
41 maintenance of the district;

42 (t) all sales of farm machinery and equipment or aquaculture
43 machinery and equipment, repair and replacement parts therefor and

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

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

28 (v) all sales of tangible personal property to any contractor for use in
29 preparing meals for delivery to homebound elderly persons over 60 years
30 of age and to homebound disabled persons or to be served at a group-
31 sitting at a location outside of the home to otherwise homebound elderly
32 persons over 60 years of age and to otherwise homebound disabled
33 persons, as all or part of any food service project funded in whole or in
34 part by government or as part of a private nonprofit food service project
35 available to all such elderly or disabled persons residing within an area of
36 service designated by the private nonprofit organization, and all sales of
37 tangible personal property for use in preparing meals for consumption by
38 indigent or homeless individuals whether or not such meals are consumed
39 at a place designated for such purpose, and all sales of food products by or
40 on behalf of any such contractor or organization for any such purpose;

41 (w) all sales of natural gas, electricity, heat and water delivered
42 through mains, lines or pipes: (1) To residential premises for
43 noncommercial use by the occupant of such premises; (2) for agricultural

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

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

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

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

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

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

30 (cc) all sales of tangible personal property or services purchased prior
31 to January 1, 2012, except as otherwise provided, for the purpose of and in
32 conjunction with constructing, reconstructing, enlarging or remodeling a
33 business or retail business which meets the requirements established in
34 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
35 machinery and equipment purchased for installation at any such business
36 or retail business, and all sales of tangible personal property or services
37 purchased on or after January 1, 2012, for the purpose of and in
38 conjunction with constructing, reconstructing, enlarging or remodeling a
39 business which meets the requirements established in K.S.A. 74-50,115(e),
40 and amendments thereto, and the sale and installation of machinery and
41 equipment purchased for installation at any such business. When a person
42 shall contract for the construction, reconstruction, enlargement or
43 remodeling of any such business or retail business, such person shall

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

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

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

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

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

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

14 (ii) all sales of tangible personal property purchased directly by a
15 nonprofit organization for nonsectarian comprehensive multidiscipline
16 youth development programs and activities provided or sponsored by such
17 organization, and all sales of tangible personal property by or on behalf of
18 any such organization. This exemption shall not apply to tangible personal
19 property customarily used for human habitation purposes;

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

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

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

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

42 (2) For purposes of this subsection:

43 (A) "Integrated production operation" means an integrated series of

1 operations engaged in at a manufacturing or processing plant or facility to
2 process, transform or convert tangible personal property by physical,
3 chemical or other means into a different form, composition or character
4 from that in which it originally existed. Integrated production operations
5 shall include: (i) Production line operations, including packaging
6 operations; (ii) preproduction operations to handle, store and treat raw
7 materials; (iii) post production handling, storage, warehousing and
8 distribution operations; and (iv) waste, pollution and environmental
9 control operations, if any;

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

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

24 (D) "manufacturing or processing business" means a business that
25 utilizes an integrated production operation to manufacture, process,
26 fabricate, finish, or assemble items for wholesale and retail distribution as
27 part of what is commonly regarded by the general public as an industrial
28 manufacturing or processing operation or an agricultural commodity
29 processing operation. (i) Industrial manufacturing or processing operations
30 include, by way of illustration but not of limitation, the fabrication of
31 automobiles, airplanes, machinery or transportation equipment, the
32 fabrication of metal, plastic, wood, or paper products, electricity power
33 generation, water treatment, petroleum refining, chemical production,
34 wholesale bottling, newspaper printing, ready mixed concrete production,
35 and the remanufacturing of used parts for wholesale or retail sale. Such
36 processing operations shall include operations at an oil well, gas well,
37 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
38 sand or gravel that has been extracted from the earth is cleaned, separated,
39 crushed, ground, milled, screened, washed, or otherwise treated or
40 prepared before its transmission to a refinery or before any other wholesale
41 or retail distribution. (ii) Agricultural commodity processing operations
42 include, by way of illustration but not of limitation, meat packing, poultry
43 slaughtering and dressing, processing and packaging farm and dairy

1 products in sealed containers for wholesale and retail distribution, feed
2 grinding, grain milling, frozen food processing, and grain handling,
3 cleaning, blending, fumigation, drying and aeration operations engaged in
4 by grain elevators or other grain storage facilities. (iii) Manufacturing or
5 processing businesses do not include, by way of illustration but not of
6 limitation, nonindustrial businesses whose operations are primarily retail
7 and that produce or process tangible personal property as an incidental part
8 of conducting the retail business, such as retailers who bake, cook or
9 prepare food products in the regular course of their retail trade, grocery
10 stores, meat lockers and meat markets that butcher or dress livestock or
11 poultry in the regular course of their retail trade, contractors who alter,
12 service, repair or improve real property, and retail businesses that clean,
13 service or refurbish and repair tangible personal property for its owner;

14 (E) "repair and replacement parts and accessories" means all parts
15 and accessories for exempt machinery and equipment, including, but not
16 limited to, dies, jigs, molds, patterns and safety devices that are attached to
17 exempt machinery or that are otherwise used in production, and parts and
18 accessories that require periodic replacement such as belts, drill bits,
19 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
20 other refractory items for exempt kiln equipment used in production
21 operations;

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

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

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

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

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

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

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

39 (F) to plan, manage, control or record the receipt and flow of
40 inventories of raw materials, consumables and component parts, the flow
41 of the property undergoing manufacturing or processing and the
42 management of inventories of the finished product;

43 (G) to produce energy for, lubricate, control the operating of or

1 otherwise enable the functioning of other production machinery and
2 equipment and the continuation of production operations;

3 (H) to package the property being manufactured or processed in a
4 container or wrapping in which such property is normally sold or
5 transported;

6 (I) to transmit or transport electricity, coke, gas, water, steam or
7 similar substances used in production operations from the point of
8 generation, if produced by the manufacturer or processor at the plant site,
9 to that manufacturer's production operation; or, if purchased or delivered
10 from off-site, from the point where the substance enters the site of the
11 plant or facility to that manufacturer's production operations;

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

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

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

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

22 (4) The following machinery, equipment and materials shall be
23 deemed to be exempt even though it may not otherwise qualify as
24 machinery and equipment used as an integral or essential part of an
25 integrated production operation: (A) Computers and related peripheral
26 equipment that are utilized by a manufacturing or processing business for
27 engineering of the finished product or for research and development or
28 product design; (B) machinery and equipment that is utilized by a
29 manufacturing or processing business to manufacture or rebuild tangible
30 personal property that is used in manufacturing or processing operations,
31 including tools, dies, molds, forms and other parts of qualifying machinery
32 and equipment; (C) portable plants for aggregate concrete, bulk cement
33 and asphalt including cement mixing drums to be attached to a motor
34 vehicle; (D) industrial fixtures, devices, support facilities and special
35 foundations necessary for manufacturing and production operations, and
36 materials and other tangible personal property sold for the purpose of
37 fabricating such fixtures, devices, facilities and foundations. An exemption
38 certificate for such purchases shall be signed by the manufacturer or
39 processor. If the fabricator purchases such material, the fabricator shall
40 also sign the exemption certificate; and (E) a manufacturing or processing
41 business' laboratory equipment that is not located at the plant or facility,
42 but that would otherwise qualify for exemption under subsection (3)(E).

43 (5) "Machinery and equipment used as an integral or essential part of

1 an integrated production operation" shall not include:

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

7 (B) machinery, equipment and tools used primarily in maintaining
8 and repairing any type of machinery and equipment or the building and
9 plant;

10 (C) transportation, transmission and distribution equipment not
11 primarily used in a production, warehousing or material handling
12 operation at the plant or facility, including the means of conveyance of
13 natural gas, electricity, oil or water, and equipment related thereto, located
14 outside the plant or facility;

15 (D) office machines and equipment including computers and related
16 peripheral equipment not used directly and primarily to control or measure
17 the manufacturing process;

18 (E) furniture and other furnishings;

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

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

25 (H) machinery and equipment used for general plant heating, cooling
26 and lighting;

27 (I) motor vehicles that are registered for operation on public
28 highways; or

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

32 (6) Subsections (3) and (5) shall not be construed as exclusive listings
33 of the machinery and equipment that qualify or do not qualify as an
34 integral or essential part of an integrated production operation. When
35 machinery or equipment is used as an integral or essential part of
36 production operations part of the time and for nonproduction purpose at
37 other times, the primary use of the machinery or equipment shall
38 determine whether or not such machinery or equipment qualifies for
39 exemption.

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

42 (II) all sales of educational materials purchased for distribution to the
43 public at no charge by a nonprofit corporation organized for the purpose of

1 encouraging, fostering and conducting programs for the improvement of
2 public health, except that for taxable years commencing after December
3 31, 2013, this subsection shall not apply to any sales of such materials
4 purchased by a nonprofit corporation which performs any abortion, as
5 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

6 (1) The American Heart Association, Kansas Affiliate, Inc. for the
7 purposes of providing education, training, certification in emergency
8 cardiac care, research and other related services to reduce disability and
9 death from cardiovascular diseases and stroke;

10 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
11 advocacy for persons with mental illness and to education, research and
12 support for their families;

13 (3) the Kansas Mental Illness Awareness Council for the purposes of
14 advocacy for persons who are mentally ill and to education, research and
15 support for them and their families;

16 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
17 purpose of eliminating diabetes through medical research, public education
18 focusing on disease prevention and education, patient education including
19 information on coping with diabetes, and professional education and
20 training;

21 (5) the American Lung Association of Kansas, Inc. for the purpose of
22 eliminating all lung diseases through medical research, public education
23 including information on coping with lung diseases, professional education
24 and training related to lung disease and other related services to reduce the
25 incidence of disability and death due to lung disease;

26 (6) the Kansas chapters of the Alzheimer's Disease and Related
27 Disorders Association, Inc. for the purpose of providing assistance and
28 support to persons in Kansas with Alzheimer's disease, and their families
29 and caregivers;

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

33 (8) the National Kidney Foundation of Kansas and Western Missouri
34 for the purpose of eliminating kidney disease through medical research
35 and public and private education related to such disease;

36 (9) the heartstrings community foundation for the purpose of
37 providing training, employment and activities for adults with
38 developmental disabilities;

39 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
40 the purposes of assuring the development of the means to cure and control
41 cystic fibrosis and improving the quality of life for those with the disease;

42 (11) the spina bifida association of Kansas for the purpose of
43 providing financial, educational and practical aid to families and

1 individuals with spina bifida. Such aid includes, but is not limited to,
2 funding for medical devices, counseling and medical educational
3 opportunities;

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

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

10 (14) the Dreams Work, Inc., for the purpose of providing young adult
11 day services to individuals with developmental disabilities and assisting
12 families in avoiding institutional or nursing home care for a
13 developmentally disabled member of their family;

14 (15) the KSDS, Inc., for the purpose of promoting the independence
15 and inclusion of people with disabilities as fully participating and
16 contributing members of their communities and society through the
17 training and providing of guide and service dogs to people with
18 disabilities, and providing disability education and awareness to the
19 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
31 humanitarian needs by providing voluntary services through community
32 involvement and international cooperation;

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

37 (21) the American Cancer Society, Inc., for the purpose of eliminating
38 cancer as a major health problem by preventing cancer, saving lives and
39 diminishing suffering from cancer, through research, education, advocacy
40 and service;

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

43 (23) the angel babies association, for the purpose of providing

1 assistance, support and items of necessity to teenage mothers and their
2 babies; and

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

5 (ww) all sales of tangible personal property purchased by the Habitat
6 for Humanity for the exclusive use of being incorporated within a housing
7 project constructed by such organization;

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

1 for the project, and upon payment thereof it may recover the same from
2 the contractor together with reasonable attorney fees. Any contractor or
3 any agent, employee or subcontractor thereof, who shall use or otherwise
4 dispose of any materials purchased under such a certificate for any purpose
5 other than that for which such a certificate is issued without the payment
6 of the sales or compensating tax otherwise imposed upon such materials,
7 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
8 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
9 and amendments thereto;

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

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

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

1 taxation, that all purchases so made were entitled to exemption under this
2 subsection. All invoices shall be held by the contractor for a period of five
3 years and shall be subject to audit by the director of taxation. If any
4 materials purchased under such a certificate are found not to have been
5 incorporated in the building or other project or not to have been returned
6 for credit or the sales or compensating tax otherwise imposed upon such
7 materials which will not be so incorporated in the building or other project
8 reported and paid by such contractor to the director of taxation not later
9 than the 20th day of the month following the close of the month in which it
10 shall be determined that such materials will not be used for the purpose for
11 which such certificate was issued, such organization concerned shall be
12 liable for tax on all materials purchased for the project, and upon payment
13 thereof it may recover the same from the contractor together with
14 reasonable attorney fees. Any contractor or any agent, employee or
15 subcontractor thereof, who shall use or otherwise dispose of any materials
16 purchased under such a certificate for any purpose other than that for
17 which such a certificate is issued without the payment of the sales or
18 compensating tax otherwise imposed upon such materials, shall be guilty
19 of a misdemeanor and, upon conviction therefor, shall be subject to the
20 penalties provided for in subsection (g) of K.S.A. 79-3615, and
21 amendments thereto. Sales tax paid on and after July 1, 1998, but prior to
22 the effective date of this act upon the gross receipts received from any sale
23 exempted by the amendatory provisions of this subsection shall be
24 refunded. Each claim for a sales tax refund shall be verified and submitted
25 to the director of taxation upon forms furnished by the director and shall
26 be accompanied by any additional documentation required by the director.
27 The director shall review each claim and shall refund that amount of sales
28 tax paid as determined under the provisions of this subsection. All refunds
29 shall be paid from the sales tax refund fund upon warrants of the director
30 of accounts and reports pursuant to vouchers approved by the director or
31 the director's designee;

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

38 (ccc) on and after July 1, 1999, all sales of tangible personal property
39 and services purchased by a primary care clinic or health center the
40 primary purpose of which is to provide services to medically underserved
41 individuals and families, and which is exempt from federal income
42 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
43 and all sales of tangible personal property or services purchased by a

1 contractor for the purpose of constructing, equipping, reconstructing,
2 maintaining, repairing, enlarging, furnishing or remodeling facilities for
3 any such clinic or center which would be exempt from taxation under the
4 provisions of this section if purchased directly by such clinic or center,
5 except that for taxable years commencing after December 31, 2013, this
6 subsection shall not apply to any sales of such tangible personal property
7 and services purchased by a primary care clinic or health center which
8 performs any abortion, as defined in K.S.A. 65-6701, and amendments
9 thereto. Nothing in this subsection shall be deemed to exempt the purchase
10 of any construction machinery, equipment or tools used in the
11 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
12 furnishing or remodeling facilities for any such clinic or center. When any
13 such clinic or center shall contract for the purpose of constructing,
14 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
15 remodeling facilities, it shall obtain from the state and furnish to the
16 contractor an exemption certificate for the project involved, and the
17 contractor may purchase materials for incorporation in such project. The
18 contractor shall furnish the number of such certificate to all suppliers from
19 whom such purchases are made, and such suppliers shall execute invoices
20 covering the same bearing the number of such certificate. Upon
21 completion of the project the contractor shall furnish to such clinic or
22 center concerned a sworn statement, on a form to be provided by the
23 director of taxation, that all purchases so made were entitled to exemption
24 under this subsection. All invoices shall be held by the contractor for a
25 period of five years and shall be subject to audit by the director of taxation.
26 If any materials purchased under such a certificate are found not to have
27 been incorporated in the building or other project or not to have been
28 returned for credit or the sales or compensating tax otherwise imposed
29 upon such materials which will not be so incorporated in the building or
30 other project reported and paid by such contractor to the director of
31 taxation not later than the 20th day of the month following the close of the
32 month in which it shall be determined that such materials will not be used
33 for the purpose for which such certificate was issued, such clinic or center
34 concerned shall be liable for tax on all materials purchased for the project,
35 and upon payment thereof it may recover the same from the contractor
36 together with reasonable attorney fees. Any contractor or any agent,
37 employee or subcontractor thereof, who shall use or otherwise dispose of
38 any materials purchased under such a certificate for any purpose other than
39 that for which such a certificate is issued without the payment of the sales
40 or compensating tax otherwise imposed upon such materials, shall be
41 guilty of a misdemeanor and, upon conviction therefor, shall be subject to
42 the penalties provided for in subsection (g) of K.S.A. 79-3615, and
43 amendments thereto;

1 (ddd) on and after January 1, 1999, and before January 1, 2000, all
2 sales of materials and services purchased by any class II or III railroad as
3 classified by the federal surface transportation board for the construction,
4 renovation, repair or replacement of class II or III railroad track and
5 facilities used directly in interstate commerce. In the event any such track
6 or facility for which materials and services were purchased sales tax
7 exempt is not operational for five years succeeding the allowance of such
8 exemption, the total amount of sales tax which would have been payable
9 except for the operation of this subsection shall be recouped in accordance
10 with rules and regulations adopted for such purpose by the secretary of
11 revenue;

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

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

32 (ggg) all sales of tangible personal property and services purchased
33 by or on behalf of the Kansas Academy of Science which is exempt from
34 federal income taxation pursuant to section 501(c)(3) of the federal
35 internal revenue code of 1986, and used solely by such academy for the
36 preparation, publication and dissemination of education materials;

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

40 (iii) all sales of personal property and services purchased by an
41 organization which is exempt from federal income taxation pursuant to
42 section 501(c)(3) of the federal internal revenue code of 1986, and which
43 such personal property and services are used by any such organization in

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

1 in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax
2 paid on and after July 1, 2005, but prior to the effective date of this act
3 upon the gross receipts received from any sale exempted by the
4 amendatory provisions of this subsection shall be refunded. Each claim for
5 a sales tax refund shall be verified and submitted to the director of taxation
6 upon forms furnished by the director and shall be accompanied by any
7 additional documentation required by the director. The director shall
8 review each claim and shall refund that amount of sales tax paid as
9 determined under the provisions of this subsection. All refunds shall be
10 paid from the sales tax refund fund upon warrants of the director of
11 accounts and reports pursuant to vouchers approved by the director or the
12 director's designee;

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

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

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

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

1 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Charitable
2 Fund for the purpose of constructing a boundless playground which is an
3 integrated, barrier free and developmentally advantageous play
4 environment for children of all abilities and disabilities;

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

9 (ppp) all sales of tangible personal property and services purchased
10 by or on behalf of a homeless shelter which is exempt from federal income
11 taxation pursuant to section 501(c)(3) of the federal income tax code of
12 1986, and used by any such homeless shelter to provide emergency and
13 transitional housing for individuals and families experiencing
14 homelessness, and all sales of any such property by or on behalf of any
15 such homeless shelter for any such purpose;

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

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

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

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

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

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

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

34 (uuu) all sales of tangible personal property and services purchased
35 by Kansas children's service league, hereinafter referred to as KCSL,
36 which is exempt from federal income taxation pursuant to section 501(c)
37 (3) of the federal internal revenue code of 1986, and which such property
38 and services are used for the purpose of providing for the prevention and
39 treatment of child abuse and maltreatment as well as meeting additional
40 critical needs for children, juveniles and family, and all sales of any such
41 property by or on behalf of KCSL for any such purpose; and all sales of
42 tangible personal property or services purchased by a contractor for the
43 purpose of constructing, maintaining, repairing, enlarging, furnishing or

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

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

1 (www) all sales of tangible personal property purchased by or on
2 behalf of the Frontenac Education Foundation, which is exempt from
3 federal income taxation pursuant to section 501(c)(3) of the federal
4 internal revenue code, for the purpose of providing education support for
5 students, and all sales of any such property by or on behalf of such
6 organization for such purpose;

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

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

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

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

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

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

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

38 (cccc) all sales of tangible personal property or services purchased by
39 or on behalf of wayside waifs, inc., which is exempt from federal income
40 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
41 for the purpose of providing such organization's annual fundraiser, an
42 event whose purpose is to support the care of homeless and abandoned
43 animals, animal adoption efforts, education programs for children and

1 efforts to reduce animal over-population and animal welfare services, and
2 all sales of any such property, including entry or participation fees or
3 charges, by or on behalf of such organization for such purpose;

4 (dddd) all sales of tangible personal property or services purchased
5 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
6 both of which are exempt from federal income taxation pursuant to section
7 501(c)(3) of the federal internal revenue code, for the purpose of providing
8 education, training and employment opportunities for people with
9 disabilities and other barriers to employment;

10 (eeee) all sales of tangible personal property or services purchased by
11 or on behalf of All American Beef Battalion, Inc., which is exempt from
12 federal income taxation pursuant to section 501(c)(3) of the federal
13 internal revenue code, for the purpose of educating, promoting and
14 participating as a contact group through the beef cattle industry in order to
15 carry out such projects that provide support and morale to members of the
16 United States armed forces and military services;

17 (ffff) all sales of tangible personal property and services purchased by
18 sheltered living, inc., which is exempt from federal income taxation
19 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
20 and which such property and services are used for the purpose of
21 providing residential and day services for people with developmental
22 disabilities or intellectual disability, or both, and all sales of any such
23 property by or on behalf of sheltered living, inc., for any such purpose; and
24 all sales of tangible personal property or services purchased by a
25 contractor for the purpose of rehabilitating, constructing, maintaining,
26 repairing, enlarging, furnishing or remodeling homes and facilities for
27 sheltered living, inc., for any such purpose which would be exempt from
28 taxation under the provisions of this section if purchased directly by
29 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
30 the purchase of any construction machinery, equipment or tools used in the
31 constructing, maintaining, repairing, enlarging, furnishing or remodeling
32 such homes and facilities for sheltered living, inc. When sheltered living,
33 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
34 repairing, enlarging, furnishing or remodeling such homes and facilities, it
35 shall obtain from the state and furnish to the contractor an exemption
36 certificate for the project involved, and the contractor may purchase
37 materials 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
41 contractor shall furnish to sheltered living, inc., a sworn statement, on a
42 form to be provided by the director of taxation, that all purchases so made
43 were entitled to exemption under this subsection. All invoices shall be held

1 by 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 certificate
3 are found not to have been incorporated in the building or other project or
4 not to have been returned for credit or the sales or compensating tax
5 otherwise imposed upon such materials which will not be so incorporated
6 in the 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 the
8 close of the month in which it shall be determined that such materials will
9 not be used for the purpose for which such certificate was issued, sheltered
10 living, inc., shall be liable for tax on all materials purchased for the
11 project, and upon payment thereof it may recover the same from the
12 contractor together with reasonable attorney fees. Any contractor or any
13 agent, employee or subcontractor thereof, who shall use or otherwise
14 dispose of any materials purchased under such a certificate for any purpose
15 other than that for which such a certificate is issued without the payment
16 of the sales or compensating tax otherwise imposed upon such materials,
17 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
18 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
19 and amendments thereto; ~~and~~

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

22 *(hhhh) all sales of tangible personal property or services purchased*
23 *by a contractor for the purpose of constructing, maintaining, repairing,*
24 *enlarging, furnishing or remodeling facilities for the operation of services*
25 *for Wichita children's home for any such purpose which would be exempt*
26 *from taxation under the provisions of this section if purchased directly by*
27 *Wichita children's home. Nothing in this subsection shall be deemed to*
28 *exempt the purchase of any construction machinery, equipment or tools*
29 *used in the constructing, maintaining, repairing, enlarging, furnishing or*
30 *remodeling such facilities for Wichita children's home. When Wichita*
31 *children's home contracts for the purpose of constructing, maintaining,*
32 *repairing, enlarging, furnishing or remodeling such facilities, it shall*
33 *obtain from the state and furnish to the contractor an exemption certificate*
34 *for the project involved, and the contractor may purchase materials for*
35 *incorporation in such project. The contractor shall furnish the number of*
36 *such certificate to all suppliers from whom such purchases are made, and*
37 *such suppliers shall execute invoices covering the same bearing the*
38 *number of such certificate. Upon completion of the project, the contractor*
39 *shall furnish to Wichita children's home a sworn statement, on a form to*
40 *be provided by the director of taxation, that all purchases so made were*
41 *entitled to exemption under this subsection. All invoices shall be held by*
42 *the contractor for a period of five years and shall be subject to audit by*
43 *the director of taxation. If any materials purchased under such a*

1 certificate are found not to have been incorporated in the building or
2 other project or not to have been returned for credit or the sales or
3 compensating tax otherwise imposed upon such materials which will not
4 be so incorporated in the building or other project reported and paid by
5 such contractor to the director of taxation not later than the 20th day of the
6 month following the close of the month in which it shall be determined that
7 such materials will not be used for the purpose for which such certificate
8 was issued, Wichita children's home shall be liable for the tax on all
9 materials purchased for the project, and upon payment, it may recover the
10 same from the contractor together with reasonable attorney fees. Any
11 contractor or any agent, employee or subcontractor, who shall use or
12 otherwise dispose of any materials purchased under such a certificate for
13 any purpose other than that for which such a certificate is issued without
14 the payment of the sales or compensating tax otherwise imposed upon
15 such materials, shall be guilty of a misdemeanor and, upon conviction,
16 shall be subject to the penalties provided for in subsection (h) of K.S.A.
17 79-3615, and amendments thereto;

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

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

30 Sec. 2. K.S.A. 2013 Supp. 79-3606 is hereby repealed.

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