

HOUSE BILL No. 2354

By Committee on Commerce, Labor and Economic Development

2-13

1 AN ACT relating to economic development; concerning project sales tax
2 exemptions for certain businesses that create jobs; amending K.S.A.
3 2014 Supp. 74-50,115 and 79-3606 and repealing the existing sections.

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

6 Section 1. K.S.A. 2014 Supp. 74-50,115 is hereby amended to read as
7 follows: 74-50,115. (a) A manufacturing business may be eligible for a
8 sales tax exemption under the provisions of ~~subsection (ee)~~ of K.S.A. 79-
9 3606(cc), and amendments thereto, if the manufacturing business complies
10 with the following requirements:

11 (1) A manufacturing business shall provide documented evidence of
12 job expansion involving the employment of at least two additional full-
13 time employees; and

14 (2) a manufacturing business located within the state of Kansas that
15 has documented evidence of job expansion as provided in paragraph (1),
16 which relocates in another city or county within the state of Kansas must
17 receive approval from the secretary prior to qualifying for the sales tax
18 exemption in ~~subsection (ee)~~ of K.S.A. 79-3606(cc), and amendments
19 thereto, except that approval by the secretary shall not be required if the
20 manufacturing business relocates within the same city.

21 (b) A nonmanufacturing business may be eligible for a sales tax
22 exemption under the provisions of ~~subsection (ee)~~ of K.S.A. 79-3606(cc),
23 and amendments thereto, if the nonmanufacturing business complies with
24 the following requirements:

25 (1) A nonmanufacturing business shall provide documented evidence
26 of job expansion involving the employment of at least five additional full-
27 time employees; and

28 (2) a nonmanufacturing business located within the state of Kansas
29 that has documented evidence of job expansion as provided in paragraph
30 (1), which relocates in another city or county within the state of Kansas
31 must receive approval from the secretary prior to qualifying for the sales
32 tax exemption in ~~subsection (ee)~~ of K.S.A. 79-3606(cc), and amendments
33 thereto, except that approval by the secretary shall not be required if the
34 nonmanufacturing business relocates within the same city.

35 (c) A retail business may qualify for the sales tax exemption under
36 ~~subsection (ee)~~ of K.S.A. 79-3606(cc), and amendments thereto, if the

1 retail business complies with the following requirements:

2 (1) A retail business shall provide documented evidence of job
3 expansion involving the employment of at least two additional full-time
4 employees; and

5 (2) (A) such retail business locates or expands to a city having a
6 population of ~~2,500~~ 6,500 or less, as determined by the latest Kansas
7 division of budget revised population numbers that are certified to the
8 secretary of state, or (B) such retail business locates or expands to a
9 location outside a city in a county having a population of 10,000 or less, as
10 determined by the latest Kansas division of budget revised population
11 numbers that are certified to the secretary of state.

12 (d) Any person constructing, reconstructing, remodeling or enlarging
13 a facility which will be leased in whole or in part for a period of five years
14 or more, or commencing on the effective date of this act and ending on
15 April 1, 2007, any person constructing, reconstructing, remodeling or
16 enlarging a facility located within Saline county which title of such facility
17 will be conveyed, to a business that would be eligible for a sales tax
18 exemption hereunder if such business had constructed, reconstructed,
19 enlarged or remodeled such facility or portion thereof itself shall be
20 entitled to the sales tax exemption under the provisions of ~~subsection (ee)~~
21 ~~of~~ K.S.A. 79-3606(cc), and amendments thereto. When such person leases
22 less than the total facility to an eligible business, a project exemption
23 certificate may be granted on: (1) The total cost of constructing,
24 reconstructing, remodeling or enlarging, the facility multiplied by a
25 fraction given by dividing the number of leased square feet eligible for the
26 sales tax exemption by the total square feet being constructed,
27 reconstructed, remodeled or enlarged; or (2) the actual cost of
28 constructing, reconstructing, remodeling or enlarging that portion of the
29 facility to be occupied by the eligible business, as the person may elect.

30 (e) A business may qualify for a sales tax exemption under ~~subsection~~
31 ~~(ee)~~ ~~of~~ K.S.A. 79-3606(cc), and amendments thereto, without regard to
32 any of the foregoing requirements of this section if it is certified as a
33 qualified firm by the secretary of commerce pursuant to K.S.A. 74-50,131,
34 and amendments thereto, and is entitled to the corporate tax credit
35 established in K.S.A. 74-50,132, and amendments thereto, or has received
36 written approval for participation and has participated, during the tax year
37 in which the exemption is claimed, in training assistance by the
38 department of commerce under the Kansas industrial training, Kansas
39 industrial retraining or state of Kansas investments in lifelong learning
40 program.

41 (f) The secretary may adopt rules and regulations to implement and
42 administer the provisions of this section.

43 Sec. 2. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as

1 follows: 79-3606. The following shall be exempt from the tax imposed by
2 this act:

3 (a) All sales of motor-vehicle fuel or other articles upon which a sales
4 or excise tax has been paid, not subject to refund, under the laws of this
5 state except cigarettes as defined by K.S.A. 79-3301, and amendments
6 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
7 3817, and amendments thereto, including wort, liquid malt, malt syrup and
8 malt extract, which is not subject to taxation under the provisions of
9 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant
10 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.
11 65-3424d, and amendments thereto, drycleaning and laundry services
12 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross
13 receipts from regulated sports contests taxed pursuant to the Kansas
14 professional regulated sports act, and amendments thereto;

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

29 (c) all sales of tangible personal property or services, including the
30 renting and leasing of tangible personal property, purchased directly by a
31 public or private elementary or secondary school or public or private
32 nonprofit educational institution and used primarily by such school or
33 institution for nonsectarian programs and activities provided or sponsored
34 by such school or institution or in the erection, repair or enlargement of
35 buildings to be used for such purposes. The exemption herein provided
36 shall not apply to erection, construction, repair, enlargement or equipment
37 of buildings used primarily for human habitation;

38 (d) all sales of tangible personal property or services purchased by a
39 contractor for the purpose of constructing, equipping, reconstructing,
40 maintaining, repairing, enlarging, furnishing or remodeling facilities for
41 any public or private nonprofit hospital or public hospital authority, public
42 or private elementary or secondary school, a public or private nonprofit
43 educational institution, state correctional institution including a privately

1 constructed correctional institution contracted for state use and ownership,
2 which would be exempt from taxation under the provisions of this act if
3 purchased directly by such hospital or public hospital authority, school,
4 educational institution or a state correctional institution; and all sales of
5 tangible personal property or services purchased by a contractor for the
6 purpose of constructing, equipping, reconstructing, maintaining, repairing,
7 enlarging, furnishing or remodeling facilities for any political subdivision
8 of the state or district described in subsection (s), the total cost of which is
9 paid from funds of such political subdivision or district and which would
10 be exempt from taxation under the provisions of this act if purchased
11 directly by such political subdivision or district. Nothing in this subsection
12 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be
13 deemed to exempt the purchase of any construction machinery, equipment
14 or tools used in the constructing, equipping, reconstructing, maintaining,
15 repairing, enlarging, furnishing or remodeling facilities for any political
16 subdivision of the state or any such district. As used in this subsection,
17 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
18 political subdivision" shall mean general tax revenues, the proceeds of any
19 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
20 purpose of constructing, equipping, reconstructing, repairing, enlarging,
21 furnishing or remodeling facilities which are to be leased to the donor.
22 When any political subdivision of the state, district described in subsection
23 (s), public or private nonprofit hospital or public hospital authority, public
24 or private elementary or secondary school, public or private nonprofit
25 educational institution, state correctional institution including a privately
26 constructed correctional institution contracted for state use and ownership
27 shall contract for the purpose of constructing, equipping, reconstructing,
28 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
29 shall obtain from the state and furnish to the contractor an exemption
30 certificate for the project involved, and the contractor may purchase
31 materials for incorporation in such project. The contractor shall furnish the
32 number of such certificate to all suppliers from whom such purchases are
33 made, and such suppliers shall execute invoices covering the same bearing
34 the number of such certificate. Upon completion of the project the
35 contractor shall furnish to the political subdivision, district described in
36 subsection (s), hospital or public hospital authority, school, educational
37 institution or department of corrections concerned a sworn statement, on a
38 form to be provided by the director of taxation, that all purchases so made
39 were entitled to exemption under this subsection. As an alternative to the
40 foregoing procedure, any such contracting entity may apply to the
41 secretary of revenue for agent status for the sole purpose of issuing and
42 furnishing project exemption certificates to contractors pursuant to rules
43 and regulations adopted by the secretary establishing conditions and

1 standards for the granting and maintaining of such status. All invoices
2 shall be held by the contractor for a period of five years and shall be
3 subject to audit by the director of taxation. If any materials purchased
4 under such a certificate are found not to have been incorporated in the
5 building or other project or not to have been returned for credit or the sales
6 or compensating tax otherwise imposed upon such materials which will
7 not be so incorporated in the building or other project reported and paid by
8 such contractor to the director of taxation not later than the 20th day of the
9 month following the close of the month in which it shall be determined
10 that such materials will not be used for the purpose for which such
11 certificate was issued, the political subdivision, district described in
12 subsection (s), hospital or public hospital authority, school, educational
13 institution or the contractor contracting with the department of corrections
14 for a correctional institution concerned shall be liable for tax on all
15 materials purchased for the project, and upon payment thereof it may
16 recover the same from the contractor together with reasonable attorney
17 fees. Any contractor or any agent, employee or subcontractor thereof, who
18 shall use or otherwise dispose of any materials purchased under such a
19 certificate for any purpose other than that for which such a certificate is
20 issued without the payment of the sales or compensating tax otherwise
21 imposed upon such materials, shall be guilty of a misdemeanor and, upon
22 conviction therefor, shall be subject to the penalties provided for in
23 ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto;

24 (e) all sales of tangible personal property or services purchased by a
25 contractor for the erection, repair or enlargement of buildings or other
26 projects for the government of the United States, its agencies or
27 instrumentalities, which would be exempt from taxation if purchased
28 directly by the government of the United States, its agencies or
29 instrumentalities. When the government of the United States, its agencies
30 or instrumentalities shall contract for the erection, repair, or enlargement
31 of any building or other project, it shall obtain from the state and furnish to
32 the contractor an exemption certificate for the project involved, and the
33 contractor may purchase materials for incorporation in such project. The
34 contractor shall furnish the number of such certificates to all suppliers
35 from whom such purchases are made, and such suppliers shall execute
36 invoices covering the same bearing the number of such certificate. Upon
37 completion of the project the contractor shall furnish to the government of
38 the United States, its agencies or instrumentalities concerned a sworn
39 statement, on a form to be provided by the director of taxation, that all
40 purchases so made were entitled to exemption under this subsection. As an
41 alternative to the foregoing procedure, any such contracting entity may
42 apply to the secretary of revenue for agent status for the sole purpose of
43 issuing and furnishing project exemption certificates to contractors

1 pursuant to rules and regulations adopted by the secretary establishing
2 conditions and standards for the granting and maintaining of such status.
3 All invoices shall be held by the contractor for a period of five years and
4 shall be subject to audit by the director of taxation. Any contractor or any
5 agent, employee or subcontractor thereof, who shall use or otherwise
6 dispose of any materials purchased under such a certificate for any purpose
7 other than that for which such a certificate is issued without the payment
8 of the sales or compensating tax otherwise imposed upon such materials,
9 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
10 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
11 3615(h), and amendments thereto;

12 (f) tangible personal property purchased by a railroad or public utility
13 for consumption or movement directly and immediately in interstate
14 commerce;

15 (g) sales of aircraft including remanufactured and modified aircraft
16 sold to persons using directly or through an authorized agent such aircraft
17 as certified or licensed carriers of persons or property in interstate or
18 foreign commerce under authority of the laws of the United States or any
19 foreign government or sold to any foreign government or agency or
20 instrumentality of such foreign government and all sales of aircraft for use
21 outside of the United States and sales of aircraft repair, modification and
22 replacement parts and sales of services employed in the remanufacture,
23 modification and repair of aircraft;

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

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

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

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

39 (l) all isolated or occasional sales of tangible personal property,
40 services, substances or things, except isolated or occasional sale of motor
41 vehicles specifically taxed under the provisions of ~~subsection (o)~~ of K.S.A.
42 79-3603(o), and amendments thereto;

43 (m) all sales of tangible personal property which become an

1 ingredient or component part of tangible personal property or services
2 produced, manufactured or compounded for ultimate sale at retail within
3 or without the state of Kansas; and any such producer, manufacturer or
4 compounder may obtain from the director of taxation and furnish to the
5 supplier an exemption certificate number for tangible personal property for
6 use as an ingredient or component part of the property or services
7 produced, manufactured or compounded;

8 (n) all sales of tangible personal property which is consumed in the
9 production, manufacture, processing, mining, drilling, refining or
10 compounding of tangible personal property, the treating of by-products or
11 wastes derived from any such production process, the providing of
12 services or the irrigation of crops for ultimate sale at retail within or
13 without the state of Kansas; and any purchaser of such property may
14 obtain from the director of taxation and furnish to the supplier an
15 exemption certificate number for tangible personal property for
16 consumption in such production, manufacture, processing, mining,
17 drilling, refining, compounding, treating, irrigation and in providing such
18 services;

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

25 (p) all sales of drugs dispensed pursuant to a prescription order by a
26 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
27 1626, and amendments thereto. As used in this subsection, "drug" means a
28 compound, substance or preparation and any component of a compound,
29 substance or preparation, other than food and food ingredients, dietary
30 supplements or alcoholic beverages, recognized in the official United
31 States pharmacopoeia, official homeopathic pharmacopoeia of the United
32 States or official national formulary, and supplement to any of them,
33 intended for use in the diagnosis, cure, mitigation, treatment or prevention
34 of disease or intended to affect the structure or any function of the body,
35 except that for taxable years commencing after December 31, 2013, this
36 subsection shall not apply to any sales of drugs used in the performance or
37 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
38 thereto;

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

42 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
43 enteral feeding systems, prosthetic devices and mobility enhancing

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

20 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and
21 amendments thereto, all sales of tangible personal property or services
22 purchased directly or indirectly by a groundwater management district
23 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
24 amendments thereto, by a rural water district organized or operating under
25 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
26 supply district organized or operating under the authority of K.S.A. 19-
27 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
28 property or services are used in the construction activities, operation or
29 maintenance of the district;

30 (t) all sales of farm machinery and equipment or aquaculture
31 machinery and equipment, repair and replacement parts therefor and
32 services performed in the repair and maintenance of such machinery and
33 equipment. For the purposes of this subsection the term "farm machinery
34 and equipment or aquaculture machinery and equipment" shall include a
35 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
36 thereto, and is equipped with a bed or cargo box for hauling materials, and
37 shall also include machinery and equipment used in the operation of
38 Christmas tree farming but shall not include any passenger vehicle, truck,
39 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
40 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
41 machinery and equipment" includes precision farming equipment that is
42 portable or is installed or purchased to be installed on farm machinery and
43 equipment. "Precision farming equipment" includes the following items

1 used only in computer-assisted farming, ranching or aquaculture
2 production operations: Soil testing sensors, yield monitors, computers,
3 monitors, software, global positioning and mapping systems, guiding
4 systems, modems, data communications equipment and any necessary
5 mounting hardware, wiring and antennas. Each purchaser of farm
6 machinery and equipment or aquaculture machinery and equipment
7 exempted herein must certify in writing on the copy of the invoice or sales
8 ticket to be retained by the seller that the farm machinery and equipment
9 or aquaculture machinery and equipment purchased will be used only in
10 farming, ranching or aquaculture production. Farming or ranching shall
11 include the operation of a feedlot and farm and ranch work for hire and the
12 operation of a nursery;

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

16 (v) all sales of tangible personal property to any contractor for use in
17 preparing meals for delivery to homebound elderly persons over 60 years
18 of age and to homebound disabled persons or to be served at a group-
19 sitting at a location outside of the home to otherwise homebound elderly
20 persons over 60 years of age and to otherwise homebound disabled
21 persons, as all or part of any food service project funded in whole or in
22 part by government or as part of a private nonprofit food service project
23 available to all such elderly or disabled persons residing within an area of
24 service designated by the private nonprofit organization, and all sales of
25 tangible personal property for use in preparing meals for consumption by
26 indigent or homeless individuals whether or not such meals are consumed
27 at a place designated for such purpose, and all sales of food products by or
28 on behalf of any such contractor or organization for any such purpose;

29 (w) all sales of natural gas, electricity, heat and water delivered
30 through mains, lines or pipes: (1) To residential premises for
31 noncommercial use by the occupant of such premises; (2) for agricultural
32 use and also, for such use, all sales of propane gas; (3) for use in the
33 severing of oil; and (4) to any property which is exempt from property
34 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this
35 paragraph, "severing" shall have the meaning ascribed thereto by
36 ~~subsection (k) of K.S.A. 79-4216(k)~~, and amendments thereto. For all sales
37 of natural gas, electricity and heat delivered through mains, lines or pipes
38 pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions
39 of this subsection shall expire on December 31, 2005;

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

43 (y) all sales of materials and services used in the repairing, servicing,

1 altering, maintaining, manufacturing, remanufacturing, or modification of
2 railroad rolling stock for use in interstate or foreign commerce under
3 authority of the laws of the United States;

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

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

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

18 (cc) all sales of tangible personal property or services purchased prior
19 to January 1, 2012, *and on and after July 1, 2015*, except as otherwise
20 provided, for the purpose of and in conjunction with constructing,
21 reconstructing, enlarging or remodeling a business or retail business which
22 meets the requirements established in K.S.A. 74-50,115, and amendments
23 thereto, and the sale and installation of machinery and equipment
24 purchased for installation at any such business or retail business, and all
25 sales of tangible personal property or services purchased on or after
26 January 1, 2012, for the purpose of and in conjunction with constructing,
27 reconstructing, enlarging or remodeling a business which meets the
28 requirements established in K.S.A. 74-50,115(e), and amendments thereto,
29 and the sale and installation of machinery and equipment purchased for
30 installation at any such business. When a person shall contract for the
31 construction, reconstruction, enlargement or remodeling of any such
32 business or retail business, such person shall obtain from the state and
33 furnish to the contractor an exemption certificate for the project involved,
34 and the contractor may purchase materials, machinery and equipment for
35 incorporation in such project. The contractor shall furnish the number of
36 such certificates 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 the owner of the business or retail business 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. Any contractor or any agent,

1 employee or subcontractor thereof, who shall use or otherwise dispose of
2 any materials, machinery or equipment purchased under such a certificate
3 for any purpose other than that for which such a certificate is issued
4 without the payment of the sales or compensating tax otherwise imposed
5 thereon, shall be guilty of a misdemeanor and, upon conviction therefor,
6 shall be subject to the penalties provided for in ~~subsection (g)~~ of K.S.A.
7 79-3615(h), and amendments thereto. As used in this subsection,
8 "business" and "retail business" have the meanings respectively ascribed
9 thereto by K.S.A. 74-50,114, and amendments thereto. Project exemption
10 certificates that have been previously issued under this subsection by the
11 department of revenue pursuant to K.S.A. 74-50,115, and amendments
12 thereto, but not including K.S.A. 74-50,115(e), and amendments thereto,
13 prior to January 1, 2012, and have not expired will be effective for the
14 term of the project or two years from the effective date of the certificate,
15 whichever occurs earlier. Project exemption certificates that are submitted
16 to the department of revenue prior to January 1, 2012, and are found to
17 qualify will be issued a project exemption certificate that will be effective
18 for a two-year period or for the term of the project, whichever occurs
19 earlier;

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

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

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

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

33 (hh) all sales of medical supplies and equipment, including durable
34 medical equipment, purchased directly by a nonprofit skilled nursing home
35 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
36 and amendments thereto, for the purpose of providing medical services to
37 residents thereof. This exemption shall not apply to tangible personal
38 property customarily used for human habitation purposes. As used in this
39 subsection, "durable medical equipment" means equipment including
40 repair and replacement parts for such equipment, which can withstand
41 repeated use, is primarily and customarily used to serve a medical purpose,
42 generally is not useful to a person in the absence of illness or injury and is
43 not worn in or on the body, but does not include mobility enhancing

1 equipment as defined in subsection (r), oxygen delivery equipment, kidney
2 dialysis equipment or enteral feeding systems;

3 (ii) all sales of tangible personal property purchased directly by a
4 nonprofit organization for nonsectarian comprehensive multidiscipline
5 youth development programs and activities provided or sponsored by such
6 organization, and all sales of tangible personal property by or on behalf of
7 any such organization. This exemption shall not apply to tangible personal
8 property customarily used for human habitation purposes;

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

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

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

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

31 (2) For purposes of this subsection:

32 (A) "Integrated production operation" means an integrated series of
33 operations engaged in at a manufacturing or processing plant or facility to
34 process, transform or convert tangible personal property by physical,
35 chemical or other means into a different form, composition or character
36 from that in which it originally existed. Integrated production operations
37 shall include: (i) Production line operations, including packaging
38 operations; (ii) preproduction operations to handle, store and treat raw
39 materials; (iii) post production handling, storage, warehousing and
40 distribution operations; and (iv) waste, pollution and environmental
41 control operations, if any;

42 (B) "production line" means the assemblage of machinery and
43 equipment at a manufacturing or processing plant or facility where the

1 actual transformation or processing of tangible personal property occurs;

2 (C) "manufacturing or processing plant or facility" means a single,
3 fixed location owned or controlled by a manufacturing or processing
4 business that consists of one or more structures or buildings in a
5 contiguous area where integrated production operations are conducted to
6 manufacture or process tangible personal property to be ultimately sold at
7 retail. Such term shall not include any facility primarily operated for the
8 purpose of conveying or assisting in the conveyance of natural gas,
9 electricity, oil or water. A business may operate one or more manufacturing
10 or processing plants or facilities at different locations to manufacture or
11 process a single product of tangible personal property to be ultimately sold
12 at retail;

13 (D) "manufacturing or processing business" means a business that
14 utilizes an integrated production operation to manufacture, process,
15 fabricate, finish, or assemble items for wholesale and retail distribution as
16 part of what is commonly regarded by the general public as an industrial
17 manufacturing or processing operation or an agricultural commodity
18 processing operation. (i) Industrial manufacturing or processing operations
19 include, by way of illustration but not of limitation, the fabrication of
20 automobiles, airplanes, machinery or transportation equipment, the
21 fabrication of metal, plastic, wood, or paper products, electricity power
22 generation, water treatment, petroleum refining, chemical production,
23 wholesale bottling, newspaper printing, ready mixed concrete production,
24 and the remanufacturing of used parts for wholesale or retail sale. Such
25 processing operations shall include operations at an oil well, gas well,
26 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
27 sand or gravel that has been extracted from the earth is cleaned, separated,
28 crushed, ground, milled, screened, washed, or otherwise treated or
29 prepared before its transmission to a refinery or before any other wholesale
30 or retail distribution. (ii) Agricultural commodity processing operations
31 include, by way of illustration but not of limitation, meat packing, poultry
32 slaughtering and dressing, processing and packaging farm and dairy
33 products in sealed containers for wholesale and retail distribution, feed
34 grinding, grain milling, frozen food processing, and grain handling,
35 cleaning, blending, fumigation, drying and aeration operations engaged in
36 by grain elevators or other grain storage facilities. (iii) Manufacturing or
37 processing businesses do not include, by way of illustration but not of
38 limitation, nonindustrial businesses whose operations are primarily retail
39 and that produce or process tangible personal property as an incidental part
40 of conducting the retail business, such as retailers who bake, cook or
41 prepare food products in the regular course of their retail trade, grocery
42 stores, meat lockers and meat markets that butcher or dress livestock or
43 poultry in the regular course of their retail trade, contractors who alter,

1 service, repair or improve real property, and retail businesses that clean,
2 service or refurbish and repair tangible personal property for its owner;

3 (E) "repair and replacement parts and accessories" means all parts
4 and accessories for exempt machinery and equipment, including, but not
5 limited to, dies, jigs, molds, patterns and safety devices that are attached to
6 exempt machinery or that are otherwise used in production, and parts and
7 accessories that require periodic replacement such as belts, drill bits,
8 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
9 other refractory items for exempt kiln equipment used in production
10 operations;

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

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

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

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

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

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

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

28 (F) to plan, manage, control or record the receipt and flow of
29 inventories of raw materials, consumables and component parts, the flow
30 of the property undergoing manufacturing or processing and the
31 management of inventories of the finished product;

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

35 (H) to package the property being manufactured or processed in a
36 container or wrapping in which such property is normally sold or
37 transported;

38 (I) to transmit or transport electricity, coke, gas, water, steam or
39 similar substances used in production operations from the point of
40 generation, if produced by the manufacturer or processor at the plant site,
41 to that manufacturer's production operation; or, if purchased or delivered
42 from off-site, from the point where the substance enters the site of the
43 plant or facility to that manufacturer's production operations;

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

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

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

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

11 (4) The following machinery, equipment and materials shall be
12 deemed to be exempt even though it may not otherwise qualify as
13 machinery and equipment used as an integral or essential part of an
14 integrated production operation: (A) Computers and related peripheral
15 equipment that are utilized by a manufacturing or processing business for
16 engineering of the finished product or for research and development or
17 product design; (B) machinery and equipment that is utilized by a
18 manufacturing or processing business to manufacture or rebuild tangible
19 personal property that is used in manufacturing or processing operations,
20 including tools, dies, molds, forms and other parts of qualifying machinery
21 and equipment; (C) portable plants for aggregate concrete, bulk cement
22 and asphalt including cement mixing drums to be attached to a motor
23 vehicle; (D) industrial fixtures, devices, support facilities and special
24 foundations necessary for manufacturing and production operations, and
25 materials and other tangible personal property sold for the purpose of
26 fabricating such fixtures, devices, facilities and foundations. An exemption
27 certificate for such purchases shall be signed by the manufacturer or
28 processor. If the fabricator purchases such material, the fabricator shall
29 also sign the exemption certificate; (E) a manufacturing or processing
30 business' laboratory equipment that is not located at the plant or facility,
31 but that would otherwise qualify for exemption under subsection (3)(E);
32 (F) all machinery and equipment used in surface mining activities as
33 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
34 from the time a reclamation plan is filed to the acceptance of the
35 completed final site reclamation.

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

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

43 (B) machinery, equipment and tools used primarily in maintaining

1 and repairing any type of machinery and equipment or the building and
2 plant;

3 (C) transportation, transmission and distribution equipment not
4 primarily used in a production, warehousing or material handling
5 operation at the plant or facility, including the means of conveyance of
6 natural gas, electricity, oil or water, and equipment related thereto, located
7 outside the plant or facility;

8 (D) office machines and equipment including computers and related
9 peripheral equipment not used directly and primarily to control or measure
10 the manufacturing process;

11 (E) furniture and other furnishings;

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

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

18 (H) machinery and equipment used for general plant heating, cooling
19 and lighting;

20 (I) motor vehicles that are registered for operation on public
21 highways; or

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

25 (6) Subsections (3) and (5) shall not be construed as exclusive listings
26 of the machinery and equipment that qualify or do not qualify as an
27 integral or essential part of an integrated production operation. When
28 machinery or equipment is used as an integral or essential part of
29 production operations part of the time and for nonproduction purposes at
30 other times, the primary use of the machinery or equipment shall
31 determine whether or not such machinery or equipment qualifies for
32 exemption.

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

35 (II) all sales of educational materials purchased for distribution to the
36 public at no charge by a nonprofit corporation organized for the purpose of
37 encouraging, fostering and conducting programs for the improvement of
38 public health, except that for taxable years commencing after December
39 31, 2013, this subsection shall not apply to any sales of such materials
40 purchased by a nonprofit corporation which performs any abortion, as
41 defined in K.S.A. 65-6701, and amendments thereto;

42 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
43 herbicides, germicides, pesticides and fungicides; and services, purchased

1 and used for the purpose of producing plants in order to prevent soil
2 erosion on land devoted to agricultural use;

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

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

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

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

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

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

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

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

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

42 (1) The American heart association, Kansas affiliate, inc. for the
43 purposes of providing education, training, certification in emergency

1 cardiac care, research and other related services to reduce disability and
2 death from cardiovascular diseases and stroke;

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

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

9 (4) the American diabetes association Kansas affiliate, inc. for the
10 purpose of eliminating diabetes through medical research, public education
11 focusing on disease prevention and education, patient education including
12 information on coping with diabetes, and professional education and
13 training;

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

19 (6) the Kansas chapters of the Alzheimer's disease and related
20 disorders association, inc. for the purpose of providing assistance and
21 support to persons in Kansas with Alzheimer's disease, and their families
22 and caregivers;

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

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

29 (9) the heartstrings community foundation for the purpose of
30 providing training, employment and activities for adults with
31 developmental disabilities;

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

35 (11) the spina bifida association of Kansas for the purpose of
36 providing financial, educational and practical aid to families and
37 individuals with spina bifida. Such aid includes, but is not limited to,
38 funding for medical devices, counseling and medical educational
39 opportunities;

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

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

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

7 (15) the KSDS, Inc., for the purpose of promoting the independence
8 and inclusion of people with disabilities as fully participating and
9 contributing members of their communities and society through the
10 training and providing of guide and service dogs to people with
11 disabilities, and providing disability education and awareness to the
12 general public;

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

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

18 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
19 students and families with education and resources necessary to enable
20 each child to develop fine character and musical ability to the fullest
21 potential;

22 (19) the international association of lions clubs for the purpose of
23 creating and fostering a spirit of understanding among all people for
24 humanitarian needs by providing voluntary services through community
25 involvement and international cooperation;

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

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

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

36 (23) the angel babies association, for the purpose of providing
37 assistance, support and items of necessity to teenage mothers and their
38 babies; and

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

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

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

1 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
2 3615(h), and amendments thereto;

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

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

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

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

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

31 (ccc) on and after July 1, 1999, all sales of tangible personal property
32 and services purchased by a primary care clinic or health center the
33 primary purpose of which is to provide services to medically underserved
34 individuals and families, and which is exempt from federal income
35 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
36 and all sales of tangible personal property or services purchased by a
37 contractor for the purpose of constructing, equipping, reconstructing,
38 maintaining, repairing, enlarging, furnishing or remodeling facilities for
39 any such clinic or center which would be exempt from taxation under the
40 provisions of this section if purchased directly by such clinic or center,
41 except that for taxable years commencing after December 31, 2013, this
42 subsection shall not apply to any sales of such tangible personal property
43 and services purchased by a primary care clinic or health center which

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

37 (ddd) on and after January 1, 1999, and before January 1, 2000, all
38 sales of materials and services purchased by any class II or III railroad as
39 classified by the federal surface transportation board for the construction,
40 renovation, repair or replacement of class II or III railroad track and
41 facilities used directly in interstate commerce. In the event any such track
42 or facility for which materials and services were purchased sales tax
43 exempt is not operational for five years succeeding the allowance of such

1 exemption, the total amount of sales tax which would have been payable
2 except for the operation of this subsection shall be recouped in accordance
3 with rules and regulations adopted for such purpose by the secretary of
4 revenue;

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

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

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

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

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

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

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

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

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

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

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

41 (ooo) all sales of tangible personal property by or on behalf of a
42 public library serving the general public and supported in whole or in part
43 with tax money or a not-for-profit organization whose purpose is to raise

1 funds for or provide services or other benefits to any such public library;

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

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

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

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

19 (sss) all sales of tangible personal property and services purchased by
20 catholic charities or youthville, hereinafter referred to as charitable family
21 providers, which is exempt from federal income taxation pursuant to
22 section 501(c)(3) of the federal internal revenue code of 1986, and which
23 such property and services are used for the purpose of providing
24 emergency shelter and treatment for abused and neglected children as well
25 as meeting additional critical needs for children, juveniles and family, and
26 all sales of any such property by or on behalf of charitable family
27 providers for any such purpose; and all sales of tangible personal property
28 or 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 charitable family providers for any such
31 purpose which would be exempt from taxation under the provisions of this
32 section if purchased directly by charitable family providers. Nothing in
33 this subsection shall be deemed to exempt the purchase of any construction
34 machinery, equipment or tools used in the constructing, maintaining,
35 repairing, enlarging, furnishing or remodeling such facilities for charitable
36 family providers. When charitable family providers contracts for the
37 purpose of constructing, maintaining, repairing, enlarging, furnishing or
38 remodeling such facilities, it shall obtain from the state and furnish to the
39 contractor an exemption certificate for the project involved, and the
40 contractor may purchase materials for incorporation in such project. The
41 contractor shall furnish the number of such certificate to all suppliers from
42 whom such purchases are made, and such suppliers shall execute invoices
43 covering the same bearing the number of such certificate. Upon

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

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

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

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

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

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

37 (www) all sales of tangible personal property purchased by or on
38 behalf of the Frontenac education foundation, 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 education support for
41 students, and all sales of any such property by or on behalf of such
42 organization for such purpose;

43 (xxx) all sales of personal property and services purchased by the

1 booth theatre foundation, inc., an organization which is exempt from
2 federal income taxation pursuant to section 501(c)(3) of the federal
3 internal revenue code of 1986, and which such personal property and
4 services are used by any such organization in the constructing, equipping,
5 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
6 of the booth theatre, and all sales of tangible personal property or services
7 purchased by a contractor for the purpose of constructing, equipping,
8 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
9 the booth theatre for such organization, which would be exempt from
10 taxation under the provisions of this section if purchased directly by such
11 organization. Nothing in this subsection shall be deemed to exempt the
12 purchase of any construction machinery, equipment or tools used in the
13 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
14 furnishing or remodeling facilities for any such organization. When any
15 such organization shall contract for the purpose of constructing, equipping,
16 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
17 facilities, it shall obtain from the state and furnish to the contractor an
18 exemption certificate for the project involved, and the contractor may
19 purchase materials for incorporation in such project. The contractor shall
20 furnish the number of such certificate to all suppliers from whom such
21 purchases are made, and such suppliers shall execute invoices covering the
22 same bearing the number of such certificate. Upon completion of
23 the project the contractor shall furnish to such organization concerned a sworn
24 statement, on a form to be provided by the director of taxation, that all
25 purchases so made were entitled to exemption under this subsection. All
26 invoices shall be held by the contractor for a period of five years and shall
27 be subject to audit by the director of taxation. If any materials purchased
28 under such a certificate are found not to have been incorporated in such
29 facilities or not to have been returned for credit or the sales or
30 compensating tax otherwise imposed upon such materials which will not
31 be so incorporated in such facilities reported and paid by such contractor
32 to the director of taxation not later than the 20th day of the month following
33 the close of the month in which it shall be determined that such materials
34 will not be used for the purpose for which such certificate was issued, such
35 organization concerned shall be liable for tax on all materials purchased
36 for the project, and upon payment thereof it may recover the same from
37 the contractor together with reasonable attorney fees. Any contractor or
38 any agent, employee or subcontractor thereof, who shall use or otherwise
39 dispose of any materials purchased under such a certificate for any purpose
40 other than that for which such a certificate is issued without the payment
41 of the sales or compensating tax otherwise imposed upon such materials,
42 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
43 subject to the penalties provided for in ~~subsection (g) of K.S.A. 79-~~

1 3615(h), and amendments thereto. Sales tax paid on and after January 1,
2 2007, but prior to the effective date of this act upon the gross receipts
3 received from any sale which would have been exempted by the provisions
4 of this subsection had such sale occurred after the effective date of this act
5 shall be refunded. Each claim for a sales tax refund shall be verified and
6 submitted to the director of taxation upon forms furnished by the director
7 and shall be accompanied by any additional documentation required by the
8 director. The director shall review each claim and shall refund that amount
9 of sales tax paid as determined under the provisions of this subsection. All
10 refunds shall be paid from the sales tax refund fund upon warrants of the
11 director of accounts and reports pursuant to vouchers approved by the
12 director or the director's designee;

13 (yyy) all sales of tangible personal property and services purchased
14 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
15 which is exempt from federal income taxation pursuant to section 501(c)
16 (3) of the federal internal revenue code of 1986, and which such property
17 and services are used for the purpose of encouraging private philanthropy
18 to further the vision, values, and goals of TLC for children and families,
19 inc.; and all sales of such property and services by or on behalf of TLC
20 charities for any such purpose and all sales of tangible personal property or
21 services purchased by a contractor for the purpose of constructing,
22 maintaining, repairing, enlarging, furnishing or remodeling facilities for
23 the operation of services for TLC charities for any such purpose which
24 would be exempt from taxation under the provisions of this section if
25 purchased directly by TLC charities. Nothing in this subsection shall be
26 deemed to exempt the purchase of any construction machinery, equipment
27 or tools used in the constructing, maintaining, repairing, enlarging,
28 furnishing or remodeling such facilities for TLC charities. When TLC
29 charities contracts for the purpose of constructing, maintaining, repairing,
30 enlarging, furnishing or remodeling such facilities, it shall obtain from the
31 state and furnish to the contractor an exemption certificate for the project
32 involved, and the contractor may purchase materials for incorporation in
33 such project. The contractor shall furnish the number of such certificate to
34 all suppliers from whom such purchases are made, and such suppliers shall
35 execute invoices covering the same bearing the number of such certificate.
36 Upon completion of the project the contractor shall furnish to TLC
37 charities a sworn statement, on a form to be provided by the director of
38 taxation, that all purchases so made were entitled to exemption under this
39 subsection. All invoices shall be held by the contractor for a period of five
40 years and shall be subject to audit by the director of taxation. If any
41 materials purchased under such a certificate are found not to have been
42 incorporated in the building or other project or not to have been returned
43 for credit or the sales or compensating tax otherwise imposed upon such

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

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

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

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

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

40 (dddd) all sales of tangible personal property or services purchased
41 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
42 of which are exempt from federal income taxation pursuant to section
43 501(c)(3) of the federal internal revenue code, for the purpose of providing

1 education, training and employment opportunities for people with
2 disabilities and other barriers to employment;

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

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

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

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

15 (hhhh) all sales of tangible personal property or services purchased
16 on or after July 1, 2014, for the purpose of and in conjunction with
17 constructing, reconstructing, enlarging or remodeling a business identified
18 under the North American industry classification system (NAICS)
19 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
20 installation of machinery and equipment purchased for installation at any
21 such business. The exemption provided in this subsection shall not apply
22 to projects that have actual total costs less than \$50,000. When a person
23 contracts for the construction, reconstruction, enlargement or remodeling
24 of any such business, such person shall obtain from the state and furnish to
25 the contractor an exemption certificate for the project involved, and the
26 contractor may purchase materials, machinery and equipment for
27 incorporation in such project. The contractor shall furnish the number of
28 such certificates 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 owner of the business a sworn statement, on a form to
32 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. Any contractor or any agent, employee or
36 subcontractor of the contractor, who shall use or otherwise dispose of any
37 materials, machinery or equipment purchased under such a certificate for
38 any purpose other than that for which such a certificate is issued without
39 the payment of the sales or compensating tax otherwise imposed thereon,
40 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
41 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
42 3615(h), and amendments thereto;

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

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

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

1 (kkkk) all sales of tangible personal property and services purchased
2 by or on behalf of reaching out from within, inc., 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 sponsoring self-help programs for
5 incarcerated persons that will enable such incarcerated persons to become
6 role models for non-violence while in correctional facilities and productive
7 family members and citizens upon return to the community.

8 Sec. 3. K.S.A. 2014 Supp. 74-50,115 and 79-3606 are hereby
9 repealed.

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