

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Taxation** recommends **HB 2688** be amended on page 39, in line 34, by striking the second "and";

On page 41, in line 3, after "2030" by inserting "; and

(ssss) on and after January 1, 2024, all sales of tangible personal property or services purchased by the Kansas children's discovery center, inc., an organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and which such property and services are used for the purpose of constructing, remodeling, furnishing or equipping a hands-on children's museum with a mission to enhance the lives of children and enrich the communities so served, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, remodeling, furnishing or equipping such project, for such organization, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, remodeling, furnishing or equipping of facilities for such organization. When such organization shall contract for the purpose of constructing, remodeling, furnishing or equipping such project, such organization shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the

contractor shall furnish to such organization a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization shall be liable for tax on all materials purchased for the project, and upon payment thereof may recover the same from the contractor together with reasonable attorney fees. Any contractor or agent, employee or subcontractor thereof, who purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after January 1, 2024, but prior to the effective date of this act, upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee. The provisions of this subsection shall expire and have no effect after

December 31, 2030";

On page 1, in the title, in line 2, after "inc." by inserting "and the Kansas children's center, inc."; and the bill be passed as amended.

_____ Chairperson