

*[As Amended by Senate Committee of the Whole]*

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*As Amended by Senate Committee*

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**As Amended by House Committee**

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*Session of 2008*

## **HOUSE BILL No. 2750**

By Committee on Taxation

2-4

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14 AN ACT concerning ~~property~~ taxation; relating to exemptions; certain  
15 property leased to companies for research and development purposes;  
16 **housing for elderly or persons with disabilities or low income**  
17 **housing; tangible personal property not specifically classified;**  
18 **[sales tax exemption for downing concert series;]** amending K.S.A.  
19 2007 Supp. 79-201a, ~~79-201z and~~,] **79-213 [and 79-3606]** and re-  
20 pealing the existing ~~section~~ **sections**.  
21

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

23 Section 1. K.S.A. 2007 Supp. 79-201a is hereby amended to read as  
24 follows: 79-201a. The following described property, to the extent herein  
25 specified, shall be exempt from all property or ad valorem taxes levied  
26 under the laws of the state of Kansas:

27 *First.* All property belonging exclusively to the United States, except  
28 property which congress has expressly declared to be subject to state and  
29 local taxation.

30 *Second.* All property used exclusively by the state or any municipality  
31 or political subdivision of the state. All property owned, being acquired  
32 pursuant to a lease-purchase agreement or operated by the state or any  
33 municipality or political subdivision of the state, including property which  
34 is vacant or lying dormant, which is used or is to be used for any govern-  
35 mental or proprietary function and for which bonds may be issued or  
36 taxes levied to finance the same, shall be considered to be used exclusively  
37 by the state, municipality or political subdivision for the purposes of this  
38 section. The lease by a municipality or political subdivision of the state  
39 of any real property owned or being acquired pursuant to a lease-purchase  
40 agreement for the purpose of providing office space necessary for the  
41 performance of medical services by a person licensed to practice medicine  
42 and surgery or osteopathic medicine by the board of healing arts pursuant  
43 to K.S.A. 65-2801 et seq., and amendments thereto, dentistry services by

1 a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401  
2 et seq., and amendments thereto, optometry services by a person licensed  
3 by the board of examiners in optometry pursuant to K.S.A. 65-1501 et  
4 seq., and amendments thereto, or K.S.A. 74-1501 et seq., and amend-  
5 ments thereto, podiatry services by a person licensed by the board of  
6 healing arts pursuant to K.S.A. 65-2001 et seq., and amendments thereto,  
7 or the practice of psychology by a person licensed by the behavioral sci-  
8 ences regulatory board pursuant to K.S.A. 74-5301 et seq., and amend-  
9 ments thereto, shall be construed to be a governmental function, and  
10 such property actually and regularly used for such purpose shall be  
11 deemed to be used exclusively for the purposes of this paragraph. The  
12 lease by a municipality or political subdivision of the state of any real  
13 property, or portion thereof, owned or being acquired pursuant to a lease-  
14 purchase agreement to any entity for the exclusive use by it for an exempt  
15 purpose, including the purpose of displaying or exhibiting personal prop-  
16 erty by a museum or historical society, if no portion of the lease payments  
17 include compensation for return on the investment in such leased prop-  
18 erty shall be deemed to be used exclusively for the purposes of this par-  
19 agraph. All property leased, other than property being acquired pursuant  
20 to a lease-purchase agreement, to the state or any municipality or political  
21 subdivision of the state by any private entity shall not be considered to  
22 be used exclusively by the state or any municipality or political subdivision  
23 of the state for the purposes of this section except that the provisions of  
24 this sentence shall not apply to any such property subject to lease on the  
25 effective date of this act until the term of such lease expires but property  
26 taxes levied upon any such property prior to tax year 1989, shall not be  
27 abated or refunded. Any property constructed or purchased with the pro-  
28 ceeds of industrial revenue bonds issued prior to July 1, 1963, as author-  
29 ized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of im-  
30 provement district bonds issued prior to July 1, 1963, as authorized by  
31 K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963,  
32 as authorized by K.S.A. 19-3815a and 19-3815b, or any property im-  
33 proved, purchased, constructed, reconstructed or repaired with the pro-  
34 ceeds of revenue bonds issued prior to July 1, 1963, as authorized by  
35 K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reim-  
36 proved, reconstructed or repaired with the proceeds of revenue bonds  
37 issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-  
38 1245, inclusive, which had previously been improved, reconstructed or  
39 repaired with the proceeds of revenue bonds issued under such act on or  
40 before July 1, 1963, shall be exempt from taxation for so long as any of  
41 the revenue bonds issued to finance such construction, reconstruction,  
42 improvement, repair or purchase shall be outstanding and unpaid. Any  
43 property constructed or purchased with the proceeds of any revenue

1 bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-  
2 3815a and 19-3815b, and amendments thereto, issued on or after July 1,  
3 1963, shall be exempt from taxation only for a period of 10 calendar years  
4 after the calendar year in which the bonds were issued. Any property, all  
5 or any portion of which is constructed or purchased with the proceeds of  
6 revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and  
7 amendments thereto, issued on or after July 1, 1963 and prior to July 1,  
8 1981, shall be exempt from taxation only for a period of 10 calendar years  
9 after the calendar year in which the bonds were issued. Except as here-  
10 inafter provided, any property constructed or purchased wholly with the  
11 proceeds of revenue bonds issued on or after July 1, 1981, under the  
12 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments  
13 thereto, shall be exempt from taxation only for a period of 10 calendar  
14 years after the calendar year in which the bonds were issued. Except as  
15 hereinafter provided, any property constructed or purchased in part with  
16 the proceeds of revenue bonds issued on or after July 1, 1981, under the  
17 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments  
18 thereto, shall be exempt from taxation to the extent of the value of that  
19 portion of the property financed by the revenue bonds and only for a  
20 period of 10 calendar years after the calendar year in which the bonds  
21 were issued. The exemption of that portion of the property constructed  
22 or purchased with the proceeds of revenue bonds shall terminate upon  
23 the failure to pay all taxes levied on that portion of the property which is  
24 not exempt and the entire property shall be subject to sale in the manner  
25 prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property  
26 constructed or purchased in whole or in part with the proceeds of revenue  
27 bonds issued on or after January 1, 1995, under the authority of K.S.A.  
28 12-1740 to 12-1749, inclusive, and amendments thereto, and used in any  
29 retail enterprise identified under the standard industrial classification  
30 codes, major groups 52 through 59, inclusive, except facilities used exclu-  
31 sively to house the headquarters or back office operations of such retail  
32 enterprises identified thereunder, shall not be exempt from taxation. For  
33 the purposes of the preceding provision “standard industrial classification  
34 code” means a standard industrial classification code published in the  
35 Standard Industrial Classification manual, 1987, as prepared by the sta-  
36 tistical policy division of the office of management and budget of the  
37 office of the president of the United States. “Headquarters or back office  
38 operations” means a facility from which the enterprise is provided direc-  
39 tion, management, administrative services, or distribution or warehousing  
40 functions in support of transactions made by the enterprise. Property  
41 purchased, constructed, reconstructed, equipped, maintained or repaired  
42 with the proceeds of industrial revenue bonds issued under the authority  
43 of K.S.A. 12-1740 et seq., and amendments thereto, which is located in

1 a redevelopment project area established under the authority of K.S.A.  
2 12-1770 et seq., shall not be exempt from taxation. Property purchased,  
3 acquired, constructed, reconstructed, improved, equipped, furnished, re-  
4 paired, enlarged or remodeled with all or any part of the proceeds of  
5 revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a,  
6 inclusive, and amendments thereto for any poultry confinement facility  
7 on agricultural land which is owned, acquired, obtained or leased by a  
8 corporation, as such terms are defined by K.S.A. 17-5903 and amend-  
9 ments thereto, shall not be exempt from such taxation. Property pur-  
10 chased, acquired, constructed, reconstructed, improved, equipped, fur-  
11 nished, repaired, enlarged or remodeled with all or any part of the  
12 proceeds of revenue bonds issued under the authority of K.S.A. 12-1740  
13 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement  
14 facility on agricultural land which is owned, acquired, obtained or leased  
15 by a corporation, as such terms are defined by K.S.A. 17-5903 and amend-  
16 ments thereto, shall not be exempt from such taxation.

17 *Third.* All works, machinery and fixtures used exclusively by any rural  
18 water district or township water district for conveying or production of  
19 potable water in such rural water district or township water district, and  
20 all works, machinery and fixtures used exclusively by any entity which  
21 performed the functions of a rural water district on and after January 1,  
22 1990, and the works, machinery and equipment of which were exempted  
23 hereunder on March 13, 1995.

24 *Fourth.* All fire engines and other implements used for the extin-  
25 guishment of fires, with the buildings used exclusively for the safekeeping  
26 thereof, and for the meeting of fire companies, whether belonging to any  
27 rural fire district, township fire district, town, city or village, or to any fire  
28 company organized therein or therefor.

29 *Fifth.* All property, real and personal, owned by county fair associa-  
30 tions organized and operating under the provisions of K.S.A. 2-125 et  
31 seq., and amendments thereto.

32 *Sixth.* Property acquired and held by any municipality under the mu-  
33 nicipal housing law (K.S.A. 17-2337 et seq.) and amendments thereto,  
34 except that such exemption shall not apply to any portion of the project  
35 used by a nondwelling facility for profit making enterprise.

36 *Seventh.* All property of a municipality, acquired or held under and  
37 for the purposes of the urban renewal law (K.S.A. 17-4742 et seq.) and  
38 amendments thereto except that such tax exemption shall terminate when  
39 the municipality sells, leases or otherwise disposes of such property in an  
40 urban renewal area to a purchaser or lessee which is not a public body  
41 entitled to tax exemption with respect to such property.

42 *Eighth.* All property acquired and held by the Kansas armory board  
43 for armory purposes under the provisions of K.S.A. 48-317, and amend-

1 ments thereto.

2 *Ninth.* All property acquired and used by the Kansas turnpike  
3 authority under the authority of K.S.A. 68-2001 et seq., and amendments  
4 thereto, K.S.A. 68-2030 et seq., and amendments thereto, K.S.A. 68-2051  
5 et seq., and amendments thereto, and K.S.A. 68-2070 et seq., and amend-  
6 ments thereto.

7 *Tenth.* All property acquired and used for state park purposes by the  
8 Kansas department of wildlife and parks.

9 *Eleventh.* The state office building constructed under authority of  
10 K.S.A. 75-3607 et seq., and amendments thereto, and the site upon which  
11 such building is located.

12 *Twelfth.* All buildings erected under the authority of K.S.A. 76-6a01  
13 et seq., and amendments thereto, and all other student union buildings  
14 and student dormitories erected upon the campus of any institution men-  
15 tioned in K.S.A. 76-6a01, and amendments thereto, by any other non-  
16 profit corporation.

17 *Thirteenth.* All buildings, as the same is defined in subsection (c) of  
18 K.S.A. 76-6a13, and amendments thereto, which are erected, constructed  
19 or acquired under the authority of K.S.A. 76-6a13 et seq., and amend-  
20 ments thereto, and building sites acquired therefor.

21 *Fourteenth.* All that portion of the waterworks plant and system of  
22 the city of Kansas City, Missouri, now or hereafter located within the  
23 territory of the state of Kansas pursuant to the compact and agreement  
24 adopted by K.S.A. 79-205, and amendments thereto.

25 *Fifteenth.* All property, real and personal, owned by a groundwater  
26 management district organized and operating pursuant to K.S.A. 82a-  
27 1020, and amendments thereto.

28 *Sixteenth.* All property, real and personal, owned by the joint water  
29 district organized and operating pursuant to K.S.A. 80-1616 et seq., and  
30 amendments thereto.

31 *Seventeenth.* All property, including interests less than fee ownership,  
32 acquired for the state of Kansas by the secretary of transportation or a  
33 predecessor in interest which is used in the administration, construction,  
34 maintenance or operation of the state system of highways, regardless of  
35 how or when acquired.

36 *Eighteenth.* Any building used primarily as an industrial training cen-  
37 ter for academic or vocational education programs designed for and op-  
38 erated under contract with private industry, and located upon a site  
39 owned, leased or being acquired by or for an area vocational school, an  
40 area vocational-technical school, a technical college, or a community col-  
41 lege, as defined by K.S.A. 72-4412, and amendments thereto, and the site  
42 upon which any such building is located.

43 *Nineteenth.* For all taxable years commencing after December 31,

1 1997, all buildings of an area vocational school, an area vocational-tech-  
2 nical school, a technical college or a community college, as defined by  
3 K.S.A. 72-4412, and amendments thereto, which are owned and operated  
4 by any such school or college as a student union or dormitory and the  
5 site upon which any such building is located.

6 *Twentieth.* For all taxable years commencing after December 31,  
7 1997, all personal property which is contained within a dormitory that is  
8 exempt from property taxation and which is necessary for the accom-  
9 modation of the students residing therein.

10 *Twenty-First.* All real property from and after the date of its transfer  
11 by the city of Olathe, Kansas, to the Kansas state university foundation,  
12 all buildings and improvements thereafter erected and located on such  
13 property, and all tangible personal property, which is held, used or op-  
14 erated for educational and research purposes at the Kansas state univer-  
15 sity Olathe innovation campus located in the city of Olathe, Kansas.

16 *Twenty-Second.* ~~All real property, and all tangible personal property,~~  
17 ~~owned by state educational institutions~~ **postsecondary educational in-**  
18 **stitutions, as that term is defined in K.S.A. 2007 Supp. 74-3201b,**  
19 **and amendments thereto, or by the board of regents on behalf of the**  
20 ~~state educational institutions~~ **postsecondary educational institutions,**  
21 *which is leased by a for profit company and is actually and regularly used*  
22 *exclusively for research and development purposes so long as any rental*  
23 *income received by such* ~~state educational institution~~ **postsecondary ed-**  
24 **ucational institution** *or the board of regents from such a company is*  
25 *used exclusively for educational or scientific purposes. Any such lease or*  
26 *occupancy described in this section shall be for a term of no more than*  
27 *five years.*

28 Except as otherwise specifically provided, the provisions of this section  
29 shall apply to all taxable years commencing after December 31, 2000.

30 **Sec. 2. K.S.A. 2007 Supp. 79-201z is hereby amended to read**  
31 **as follows: 79-201z. The following described property, to the extent**  
32 **herein specified, shall be and is exempt from all property or ad**  
33 **valorem taxes levied under the laws of the state of Kansas:**

34 (a) (1) **All real property and tangible personal property actu-**  
35 **ally and primarily used for housing for the elderly, persons with**  
36 **disabilities or persons with limited or low income,** ~~which is owned~~  
37 ~~solely and operated by an organization recognized as a community hous-~~  
38 ~~ing development organization by the Kansas housing resource corporation~~  
39 ~~and organized not for profit under the laws of the state of Kansas or by~~  
40 ~~a corporation organized not for profit under the laws of another state and~~  
41 ~~duly admitted to engage in business in this state as a foreign, not for~~  
42 ~~profit corporation provided:~~

43 (A) *The property is owned solely and operated by a limited partner-*

1 *ship, a limited liability company, an organization recognized as a com-*  
2 *munity housing development organization by the Kansas housing resource*  
3 *corporation, or a corporation, each formed for the purpose of development*  
4 *of low income housing. Low income housing means housing for persons*  
5 *with income at or below 80% of area median income;*

6 *(B) the development utilizes income tax credits under section 42 of*  
7 *the federal internal revenue code of 1986 or the home investment part-*  
8 *nership program or other funding sources available for low income hous-*  
9 *ing; and*

10 *(C) the sole general partner, the sole managing member or the cor-*  
11 *poration itself is organized not-for-profit under the laws of the state of*  
12 *Kansas or under the laws of another state and duly admitted to engage*  
13 *in business in Kansas as a foreign, not-for-profit organization and is rec-*  
14 *ognized as a charitable tax exempt organization by the internal revenue*  
15 *service pursuant to section 501(c)(3) of the federal internal revenue code*  
16 *of 1986.*

17 **(2) For purposes of this subsection, such property shall meet**  
18 **housing quality standards as defined by the United States depart-**  
19 **ment of housing and urban development and shall be lowcost hous-**  
20 **ing at or below fair market rent.**

21 **(b) The provisions of subsection (a) shall apply to all taxable**  
22 **years commencing after December 31, 2004.**

23 **Sec. 3. K.S.A. 2007 Supp. 79-213 is hereby amended to read as**  
24 **follows: 79-213. (a) Any property owner requesting an exemption**  
25 **from the payment of ad valorem property taxes assessed, or to be**  
26 **assessed, against their property shall be required to file an initial**  
27 **request for exemption, on forms approved by the board of tax ap-**  
28 **peals and provided by the county appraiser.**

29 **(b) The initial exemption request shall identify the property for**  
30 **which the exemption is requested and state, in detail, the legal and**  
31 **factual basis for the exemption claimed.**

32 **(c) The request for exemption shall be filed with the county ap-**  
33 **praiser of the county where such property is principally located.**

34 **(d) After a review of the exemption request, and after a prelim-**  
35 **inary examination of the facts as alleged, the county appraiser shall**  
36 **recommend that the exemption request either be granted or denied,**  
37 **and, if necessary, that a hearing be held. If a denial is recommended,**  
38 **a statement of the controlling facts and law relied upon shall be**  
39 **included on the form.**

40 **(e) The county appraiser, after making such written recommen-**  
41 **dation, shall file the request for exemption and the recommenda-**  
42 **tions of the county appraiser with the board of tax appeals.**

43 **(f) Upon receipt of the request for exemption, the board shall**

1 *docket the same and notify the applicant and the county appraiser*  
2 *of such fact.*

3 *(g) After examination of the request for exemption, and the*  
4 *county appraiser's recommendation related thereto, the board may*  
5 *fix a time and place for hearing, and shall notify the applicant and*  
6 *the county appraiser of the time and place so fixed. A request for*  
7 *exemption pursuant to: (1) Section 13 of article 11 of the Kansas*  
8 *constitution; or (2) K.S.A. 79-201a Second, and amendments thereto,*  
9 *for property constructed or purchased, in whole or in part, with the*  
10 *proceeds of revenue bonds under the authority of K.S.A. 12-1740 to*  
11 *12-1749, inclusive, and amendments thereto, prepared in accord-*  
12 *ance with instructions and assistance which shall be provided by*  
13 *the department of commerce, shall be deemed approved unless*  
14 *scheduled for hearing within 30 days after the date of receipt of all*  
15 *required information and data relating to the request for exemption,*  
16 *and such hearing shall be conducted within 90 days after such date.*  
17 *Such time periods shall be determined without regard to any exten-*  
18 *sion or continuance allowed to either party to such request. In any*  
19 *case where a party to such request for exemption requests a hearing*  
20 *thereon, the same shall be granted. Hearings shall be conducted in*  
21 *accordance with the provisions of the Kansas administrative pro-*  
22 *cedure act. In all instances where the board sets a request for ex-*  
23 *emption for hearing, the county shall be represented by its county*  
24 *attorney or county counselor.*

25 *(h) Except as otherwise provided by subsection (g), in the event*  
26 *of a hearing, the same shall be originally set not later than 90 days*  
27 *after the filing of the request for exemption with the board.*

28 *(i) During the pendency of a request for exemption, no person,*  
29 *firm, unincorporated association, company or corporation charged*  
30 *with real estate or personal property taxes pursuant to K.S.A. 79-*  
31 *2004 and 79-2004a, and amendments thereto, on the tax books in*  
32 *the hands of the county treasurer shall be required to pay the tax*  
33 *from the date the request is filed with the county appraiser until*  
34 *the expiration of 30 days after the board issued its order thereon*  
35 *and the same becomes a final order. In the event that taxes have*  
36 *been assessed against the subject property, no interest shall accrue*  
37 *on any unpaid tax for the year or years in question nor shall the*  
38 *unpaid tax be considered delinquent from the date the request is*  
39 *filed with the county appraiser until the expiration of 30 days after*  
40 *the board issued its order thereon. In the event the board deter-*  
41 *mines an application for exemption is without merit and filed in bad*  
42 *faith to delay the due date of the tax, the tax shall be considered*  
43 *delinquent as of the date the tax would have been due pursuant to*



1 ***K.S.A. 79-2004 and 79-2004a, and amendments thereto, and interest***  
2 ***shall accrue as prescribed therein.***

3 ***(j) In the event the board grants the initial request for exemp-***  
4 ***tion, the same shall be effective beginning with the date of first***  
5 ***exempt use except that, with respect to property the construction of***  
6 ***which commenced not to exceed 24 months prior to the date of first***  
7 ***exempt use, the same shall be effective beginning with the date of***  
8 ***commencement of construction.***

9 ***(k) In conjunction with its authority to grant exemptions, the***  
10 ***board shall have the authority to abate all unpaid taxes that have***  
11 ***accrued from and since the effective date of the exemption. In the***  
12 ***event that taxes have been paid during the period where the subject***  
13 ***property has been determined to be exempt, the board shall have***  
14 ***the authority to order a refund of taxes for the year immediately***  
15 ***preceding the year in which the exemption application is filed in***  
16 ***accordance with subsection (a).***

17 ***(l) The provisions of this section shall not apply to: (1) Farm***  
18 ***machinery and equipment exempted from ad valorem taxation by***  
19 ***K.S.A. 79-201j, and amendments thereto; (2) personal property ex-***  
20 ***empted from ad valorem taxation by K.S.A. 79-215, and amend-***  
21 ***ments thereto; (3) wearing apparel, household goods and personal***  
22 ***effects exempted from ad valorem taxation by K.S.A. 79-201c, and***  
23 ***amendments thereto; (4) livestock; (5) all property exempted from***  
24 ***ad valorem taxation by K.S.A. 79-201d, and amendments thereto;***  
25 ***(6) merchants' and manufacturers' inventories exempted from ad***  
26 ***valorem taxation by K.S.A. 79-201m and amendments thereto; (7)***  
27 ***grain exempted from ad valorem taxation by K.S.A. 79-201n, and***  
28 ***amendments thereto; (8) property exempted from ad valorem taxa-***  
29 ***tion by K.S.A. 79-201a Seventeenth and amendments thereto, includ-***  
30 ***ing all property previously acquired by the secretary of transpor-***  
31 ***tation or a predecessor in interest, which is used in the***  
32 ***administration, construction, maintenance or operation of the state***  
33 ***system of highways. The secretary of transportation shall at the time***  
34 ***of acquisition of property notify the county appraiser in the county***  
35 ***in which the property is located that the acquisition occurred and***  
36 ***provide a legal description of the property acquired; (9) property***  
37 ***exempted from ad valorem taxation by K.S.A. 79-201a Ninth, and***  
38 ***amendments thereto, including all property previously acquired by***  
39 ***the Kansas turnpike authority which is used in the administration,***  
40 ***construction, maintenance or operation of the Kansas turnpike. The***  
41 ***Kansas turnpike authority shall at the time of acquisition of prop-***  
42 ***erty notify the county appraiser in the county in which the property***  
43 ***is located that the acquisition occurred and provide a legal descrip-***

1 *tion of the property acquired; (10) aquaculture machinery and*  
2 *equipment exempted from ad valorem taxation by K.S.A. 79-201j,*  
3 *and amendments thereto. As used in this section, “aquaculture” has*  
4 *the same meaning ascribed thereto by K.S.A. 47-1901, and amend-*  
5 *ments thereto; (11) Christmas tree machinery and equipment ex-*  
6 *empted from ad valorem taxation by K.S.A. 79-201j, and amend-*  
7 *ments thereto; (12) property used exclusively by the state or any*  
8 *municipality or political subdivision of the state for right-of-way*  
9 *purposes. The state agency or the governing body of the municipi-*  
10 *ality or political subdivision shall at the time of acquisition of*  
11 *property for right-of-way purposes notify the county appraiser in*  
12 *the county in which the property is located that the acquisition*  
13 *occurred and provide a legal description of the property acquired;*  
14 *(13) machinery, equipment, materials and supplies exempted from*  
15 *ad valorem taxation by K.S.A. 79-201w, and amendments thereto;*  
16 *(14) vehicles owned by the state or by any political or taxing sub-*  
17 *division thereof and used exclusively for governmental purposes;*  
18 *(15) property used for residential purposes which is exempted pur-*  
19 *suant to K.S.A. 79-201x from the property tax levied pursuant to*  
20 *K.S.A. 72-6431, and amendments thereto; (16) from and after July*  
21 *1, 1998, vehicles which are owned by an organization having as one*  
22 *of its purposes the assistance by the provision of transit services to*  
23 *the elderly and to disabled persons and which are exempted pur-*  
24 *suant to K.S.A. 79-201 Ninth; (17) from and after July 1, 1998, motor*  
25 *vehicles exempted from taxation by subsection (e) of K.S.A. 79-5107,*  
26 *and amendments thereto; (18) commercial and industrial machin-*  
27 *ery and equipment exempted from property or ad valorem taxation*  
28 *by K.S.A. 2007 Supp. 79-223, and amendments thereto; and (19)*  
29 *telecommunications machinery and equipment and railroad ma-*  
30 *chinery and equipment exempted from property or ad valorem tax-*  
31 *ation by K.S.A. 2007 Supp. 79-224, and amendments thereto; and*  
32 *(20) property exempted from property or ad valorem taxation by section*  
33 *4, and amendments thereto.*

34 *(m) The provisions of this section shall apply to property exempt*  
35 *pursuant to the provisions of section 13 of article 11 of the Kansas*  
36 *constitution.*

37 *(n) The provisions of subsection (k) as amended by this act shall*  
38 *be applicable to all exemption applications filed in accordance with*  
39 *subsection (a) after December 31, 2001.*

40 *New Sec. 4. The following described property, to the extent*  
41 *specified by this section, shall be and is hereby exempt from all*  
42 *property or ad valorem taxes levied under the laws of the state of*  
43 *Kansas:*

1     *First. Any property classified for property tax purposes pursuant*  
2 *to section 1 of article 11 of the constitution of the state of Kansas*  
3 *in subclass (6) of class 2 which, except for the operation of the pro-*  
4 *visions of this section, would be required to be listed for the purpose*  
5 *of taxation pursuant to K.S.A. 79-306, and amendments thereto,*  
6 *whose purchase price is \$ 1,500 or less.*

7     *The provisions of this section shall apply to all taxable years com-*  
8 *mencing after December 31, 2008.*

9     *[Sec. 5. K.S.A. 2007 Supp. 79-3606 is hereby amended to read*  
10 *as follows: 79-3606. The following shall be exempt from the tax im-*  
11 *posed by this act:*

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

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

41     *[(c) all sales of tangible personal property or services, including*  
42 *the renting and leasing of tangible personal property, purchased*  
43 *directly by a public or private elementary or secondary school or*

1 *public or private nonprofit educational institution and used pri-*  
2 *marily by such school or institution for nonsectarian programs and*  
3 *activities provided or sponsored by such school or institution or in*  
4 *the erection, repair or enlargement of buildings to be used for such*  
5 *purposes. The exemption herein provided shall not apply to erec-*  
6 *tion, construction, repair, enlargement or equipment of buildings*  
7 *used primarily for human habitation;*  
8 *[(d) all sales of tangible personal property or services pur-*  
9 *chased by a contractor for the purpose of constructing, equipping,*  
10 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*  
11 *modeling facilities for any public or private nonprofit hospital or*  
12 *public hospital authority, public or private elementary or second-*  
13 *ary school, a public or private nonprofit educational institution,*  
14 *state correctional institution including a privately constructed cor-*  
15 *rectional institution contracted for state use and ownership, which*  
16 *would be exempt from taxation under the provisions of this act if*  
17 *purchased directly by such hospital or public hospital authority,*  
18 *school, educational institution or a state correctional institution;*  
19 *and all sales of tangible personal property or services purchased by*  
20 *a contractor for the purpose of constructing, equipping, recon-*  
21 *structing, maintaining, repairing, enlarging, furnishing or remodel-*  
22 *ing facilities for any political subdivision of the state or district*  
23 *described in subsection (s), the total cost of which is paid from funds*  
24 *of such political subdivision or district and which would be exempt*  
25 *from taxation under the provisions of this act if purchased directly*  
26 *by such political subdivision or district. Nothing in this subsection*  
27 *or in the provisions of K.S.A. 12-3418 and amendments thereto,*  
28 *shall be deemed to exempt the purchase of any construction ma-*  
29 *chinery, equipment or tools used in the constructing, equipping,*  
30 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*  
31 *modeling facilities for any political subdivision of the state or any*  
32 *such district. As used in this subsection, K.S.A. 12-3418 and 79-*  
33 *3640, and amendments thereto, "funds of a political subdivision"*  
34 *shall mean general tax revenues, the proceeds of any bonds and gifts*  
35 *or grants-in-aid. Gifts shall not mean funds used for the purpose of*  
36 *constructing, equipping, reconstructing, repairing, enlarging, fur-*  
37 *nishing or remodeling facilities which are to be leased to the donor.*  
38 *When any political subdivision of the state, district described in*  
39 *subsection (s), public or private nonprofit hospital or public hos-*  
40 *pital authority, public or private elementary or secondary school,*  
41 *public or private nonprofit educational institution, state correc-*  
42 *tional institution including a privately constructed correctional in-*  
43 *stitution contracted for state use and ownership shall contract for*

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

1 *amendments thereto;*

2 *[(e) all sales of tangible personal property or services purchased*  
3 *by a contractor for the erection, repair or enlargement of buildings*  
4 *or other projects for the government of the United States, its agen-*  
5 *cies or instrumentalities, which would be exempt from taxation if*  
6 *purchased directly by the government of the United States, its agen-*  
7 *cies or instrumentalities. When the government of the United States,*  
8 *its agencies or instrumentalities shall contract for the erection, re-*  
9 *pair, or enlargement of any building or other project, it shall obtain*  
10 *from the state and furnish to the contractor an exemption certificate*  
11 *for the project involved, and the contractor may purchase materials*  
12 *for incorporation in such project. The contractor shall furnish the*  
13 *number of such certificates to all suppliers from whom such pur-*  
14 *chases are made, and such suppliers shall execute invoices covering*  
15 *the same bearing the number of such certificate. Upon completion*  
16 *of the project the contractor shall furnish to the government of the*  
17 *United States, its agencies or instrumentalities concerned a sworn*  
18 *statement, on a form to be provided by the director of taxation, that*  
19 *all purchases so made were entitled to exemption under this sub-*  
20 *section. As an alternative to the foregoing procedure, any such con-*  
21 *tracting entity may apply to the secretary of revenue for agent*  
22 *status for the sole purpose of issuing and furnishing project exemp-*  
23 *tion certificates to contractors pursuant to rules and regulations*  
24 *adopted by the secretary establishing conditions and standards for*  
25 *the granting and maintaining of such status. All invoices shall be*  
26 *held by the contractor for a period of five years and shall be subject*  
27 *to audit by the director of taxation. Any contractor or any agent,*  
28 *employee or subcontractor thereof, who shall use or otherwise dis-*  
29 *pose of any materials purchased under such a certificate for any*  
30 *purpose other than that for which such a certificate is issued with-*  
31 *out the payment of the sales or compensating tax otherwise imposed*  
32 *upon such materials, shall be guilty of a misdemeanor and, upon*  
33 *conviction therefor, shall be subject to the penalties provided for in*  
34 *subsection (g) of K.S.A. 79-3615 and amendments thereto;*

35 *[(f) tangible personal property purchased by a railroad or pub-*  
36 *lic utility for consumption or movement directly and immediately*  
37 *in interstate commerce;*

38 *[(g) sales of aircraft including remanufactured and modified*  
39 *aircraft sold to persons using directly or through an authorized*  
40 *agent such aircraft as certified or licensed carriers of persons or*  
41 *property in interstate or foreign commerce under authority of the*  
42 *laws of the United States or any foreign government or sold to any*  
43 *foreign government or agency or instrumentality of such foreign*

- 1 *government and all sales of aircraft for use outside of the United*  
2 *States and sales of aircraft repair, modification and replacement*  
3 *parts and sales of services employed in the remanufacture, modifi-*  
4 *cation and repair of aircraft;*
- 5 *[(h) all rentals of nonsectarian textbooks by public or private*  
6 *elementary or secondary schools;*
- 7 *[(i) the lease or rental of all films, records, tapes, or any type*  
8 *of sound or picture transcriptions used by motion picture*  
9 *exhibitors;*
- 10 *[(j) meals served without charge or food used in the preparation*  
11 *of such meals to employees of any restaurant, eating house, dining*  
12 *car, hotel, drugstore or other place where meals or drinks are reg-*  
13 *ularly sold to the public if such employees' duties are related to the*  
14 *furnishing or sale of such meals or drinks;*
- 15 *[(k) any motor vehicle, semitrailer or pole trailer, as such terms*  
16 *are defined by K.S.A. 8-126 and amendments thereto, or aircraft*  
17 *sold and delivered in this state to a bona fide resident of another*  
18 *state, which motor vehicle, semitrailer, pole trailer or aircraft is not*  
19 *to be registered or based in this state and which vehicle, semitrailer,*  
20 *pole trailer or aircraft will not remain in this state more than 10*  
21 *days;*
- 22 *[(l) all isolated or occasional sales of tangible personal prop-*  
23 *erty, services, substances or things, except isolated or occasional*  
24 *sale of motor vehicles specifically taxed under the provisions of sub-*  
25 *section (o) of K.S.A. 79-3603 and amendments thereto;*
- 26 *[(m) all sales of tangible personal property which become an*  
27 *ingredient or component part of tangible personal property or serv-*  
28 *ices produced, manufactured or compounded for ultimate sale at*  
29 *retail within or without the state of Kansas; and any such producer,*  
30 *manufacturer or compounder may obtain from the director of tax-*  
31 *ation and furnish to the supplier an exemption certificate number*  
32 *for tangible personal property for use as an ingredient or compo-*  
33 *nent part of the property or services produced, manufactured or*  
34 *compounded;*
- 35 *[(n) all sales of tangible personal property which is consumed*  
36 *in the production, manufacture, processing, mining, drilling, refin-*  
37 *ing or compounding of tangible personal property, the treating of*  
38 *by-products or wastes derived from any such production process,*  
39 *the providing of services or the irrigation of crops for ultimate sale*  
40 *at retail within or without the state of Kansas; and any purchaser*  
41 *of such property may obtain from the director of taxation and fur-*  
42 *nish to the supplier an exemption certificate number for tangible*  
43 *personal property for consumption in such production, manufac-*

1 *ture, processing, mining, drilling, refining, compounding, treating,*  
2 *irrigation and in providing such services;*

3 *[(o) all sales of animals, fowl and aquatic plants and animals,*  
4 *the primary purpose of which is use in agriculture or aquaculture,*  
5 *as defined in K.S.A. 47-1901, and amendments thereto, the produc-*  
6 *tion of food for human consumption, the production of animal,*  
7 *dairy, poultry or aquatic plant and animal products, fiber or fur,*  
8 *or the production of offspring for use for any such purpose or*  
9 *purposes;*

10 *[(p) all sales of drugs dispensed pursuant to a prescription order*  
11 *by a licensed practitioner or a mid-level practitioner as defined by*  
12 *K.S.A. 65-1626, and amendments thereto. As used in this subsection,*  
13 *“drug” means a compound, substance or preparation and any com-*  
14 *ponent of a compound, substance or preparation, other than food*  
15 *and food ingredients, dietary supplements or alcoholic beverages,*  
16 *recognized in the official United States pharmacopoeia, official ho-*  
17 *meopathic pharmacopoeia of the United States or official national*  
18 *formulary, and supplement to any of them, intended for use in the*  
19 *diagnosis, cure, mitigation, treatment or prevention of disease or*  
20 *intended to affect the structure or any function of the body;*

21 *[(q) all sales of insulin dispensed by a person licensed by the*  
22 *state board of pharmacy to a person for treatment of diabetes at the*  
23 *direction of a person licensed to practice medicine by the board of*  
24 *healing arts;*

25 *[(r) all sales of oxygen delivery equipment, kidney dialysis*  
26 *equipment, enteral feeding systems, prosthetic devices and mobility*  
27 *enhancing equipment prescribed in writing by a person licensed to*  
28 *practice the healing arts, dentistry or optometry, and in addition to*  
29 *such sales, all sales of hearing aids, as defined by subsection (c) of*  
30 *K.S.A. 74-5807, and amendments thereto, and repair and replace-*  
31 *ment parts therefor, including batteries, by a person licensed in the*  
32 *practice of dispensing and fitting hearing aids pursuant to the pro-*  
33 *visions of K.S.A. 74-5808, and amendments thereto. For the pur-*  
34 *poses of this subsection: (1) “Mobility enhancing equipment” means*  
35 *equipment including repair and replacement parts to same, but does*  
36 *not include durable medical equipment, which is primarily and cus-*  
37 *tomarily used to provide or increase the ability to move from one*  
38 *place to another and which is appropriate for use either in a home*  
39 *or a motor vehicle; is not generally used by persons with normal*  
40 *mobility; and does not include any motor vehicle or equipment on*  
41 *a motor vehicle normally provided by a motor vehicle manufact-*  
42 *urer; and (2) “prosthetic device” means a replacement, corrective*  
43 *or supportive device including repair and replacement parts for*



1 *same worn on or in the body to artificially replace a missing portion*  
2 *of the body, prevent or correct physical deformity or malfunction*  
3 *or support a weak or deformed portion of the body;*  
4 *[(s) except as provided in K.S.A. 2007 Supp. 82a-2101, and*  
5 *amendments thereto, all sales of tangible personal property or serv-*  
6 *ices purchased directly or indirectly by a groundwater management*  
7 *district organized or operating under the authority of K.S.A. 82a-*  
8 *1020 et seq. and amendments thereto, by a rural water district or-*  
9 *ganized or operating under the authority of K.S.A. 82a-612, and*  
10 *amendments thereto, or by a water supply district organized or op-*  
11 *erating under the authority of K.S.A. 19-3501 et seq., 19-3522 et*  
12 *seq. or 19-3545, and amendments thereto, which property or serv-*  
13 *ices are used in the construction activities, operation or mainte-*  
14 *nance of the district;*  
15 *[(t) all sales of farm machinery and equipment or aquaculture*  
16 *machinery and equipment, repair and replacement parts therefor*  
17 *and services performed in the repair and maintenance of such ma-*  
18 *chinery and equipment. For the purposes of this subsection the term*  
19 *“farm machinery and equipment or aquaculture machinery and*  
20 *equipment” shall include a work-site utility vehicle, as defined in*  
21 *K.S.A. 8-126, and amendments thereto, and is equipped with a bed*  
22 *or cargo box for hauling materials, and shall also include machinery*  
23 *and equipment used in the operation of Christmas tree farming but*  
24 *shall not include any passenger vehicle, truck, truck tractor, trailer,*  
25 *semitrailer or pole trailer, other than a farm trailer, as such terms*  
26 *are defined by K.S.A. 8-126 and amendments thereto. “Farm ma-*  
27 *chinery and equipment” includes precision farming equipment that*  
28 *is portable or is installed or purchased to be installed on farm ma-*  
29 *chinery and equipment. “Precision farming equipment” includes*  
30 *the following items used only in computer-assisted farming, ranch-*  
31 *ing or aquaculture production operations: Soil testing sensors, yield*  
32 *monitors, computers, monitors, software, global positioning and*  
33 *mapping systems, guiding systems, modems, data communications*  
34 *equipment and any necessary mounting hardware, wiring and an-*  
35 *tennas. Each purchaser of farm machinery and equipment or aqua-*  
36 *culture machinery and equipment exempted herein must certify in*  
37 *writing on the copy of the invoice or sales ticket to be retained by*  
38 *the seller that the farm machinery and equipment or aquaculture*  
39 *machinery and equipment purchased will be used only in farming,*  
40 *ranching or aquaculture production. Farming or ranching shall in-*  
41 *clude the operation of a feedlot and farm and ranch work for hire*  
42 *and the operation of a nursery;*  
43 *[(u) all leases or rentals of tangible personal property used as*

- 1 *a dwelling if such tangible personal property is leased or rented for*  
2 *a period of more than 28 consecutive days;*
- 3 *[(v) all sales of tangible personal property to any contractor for*  
4 *use in preparing meals for delivery to homebound elderly persons*  
5 *over 60 years of age and to homebound disabled persons or to be*  
6 *served at a group-sitting at a location outside of the home to oth-*  
7 *erwise homebound elderly persons over 60 years of age and to oth-*  
8 *erwise homebound disabled persons, as all or part of any food serv-*  
9 *ice project funded in whole or in part by government or as part of*  
10 *a private nonprofit food service project available to all such elderly*  
11 *or disabled persons residing within an area of service designated by*  
12 *the private nonprofit organization, and all sales of tangible personal*  
13 *property for use in preparing meals for consumption by indigent or*  
14 *homeless individuals whether or not such meals are consumed at a*  
15 *place designated for such purpose, and all sales of food products by*  
16 *or on behalf of any such contractor or organization for any such*  
17 *purpose;*
- 18 *[(w) all sales of natural gas, electricity, heat and water deliv-*  
19 *ered through mains, lines or pipes: (1) To residential premises for*  
20 *noncommercial use by the occupant of such premises; (2) for agri-*  
21 *cultural use and also, for such use, all sales of propane gas; (3) for*  
22 *use in the severing of oil; and (4) to any property which is exempt*  
23 *from property taxation pursuant to K.S.A. 79-201b Second through*  
24 *Sixth. As used in this paragraph, “severing” shall have the meaning*  
25 *ascribed thereto by subsection (k) of K.S.A. 79-4216, and amend-*  
26 *ments thereto. For all sales of natural gas, electricity and heat de-*  
27 *livered through mains, lines or pipes pursuant to the provisions of*  
28 *subsection (w)(1) and (w)(2), the provisions of this subsection shall*  
29 *expire on December 31, 2005;*
- 30 *[(x) all sales of propane gas, LP-gas, coal, wood and other fuel*  
31 *sources for the production of heat or lighting for noncommercial*  
32 *use of an occupant of residential premises occurring prior to Jan-*  
33 *uary 1, 2006;*
- 34 *[(y) all sales of materials and services used in the repairing,*  
35 *servicing, altering, maintaining, manufacturing, remanufacturing,*  
36 *or modification of railroad rolling stock for use in interstate or for-*  
37 *oreign commerce under authority of the laws of the United States;*
- 38 *[(z) all sales of tangible personal property and services pur-*  
39 *chased directly by a port authority or by a contractor therefor as*  
40 *provided by the provisions of K.S.A. 12-3418 and amendments*  
41 *thereto;*
- 42 *[(aa) all sales of materials and services applied to equipment*  
43 *which is transported into the state from without the state for repair,*

1 *service, alteration, maintenance, remanufacture or modification*  
2 *and which is subsequently transported outside the state for use in*  
3 *the transmission of liquids or natural gas by means of pipeline in*  
4 *interstate or foreign commerce under authority of the laws of the*  
5 *United States;*

6 *[(bb) all sales of used mobile homes or manufactured homes. As*  
7 *used in this subsection: (1) “Mobile homes” and “manufactured*  
8 *homes” shall have the meanings ascribed thereto by K.S.A. 58-4202*  
9 *and amendments thereto; and (2) “sales of used mobile homes or*  
10 *manufactured homes” means sales other than the original retail sale*  
11 *thereof;*

12 *[(cc) all sales of tangible personal property or services pur-*  
13 *chased for the purpose of and in conjunction with constructing, re-*  
14 *constructing, enlarging or remodeling a business or retail business*  
15 *which meets the requirements established in K.S.A. 74-50,115 and*  
16 *amendments thereto, and the sale and installation of machinery and*  
17 *equipment purchased for installation at any such business or retail*  
18 *business. When a person shall contract for the construction, recon-*  
19 *struction, enlargement or remodeling of any such business or retail*  
20 *business, such person shall obtain from the state and furnish to the*  
21 *contractor an exemption certificate for the project involved, and the*  
22 *contractor may purchase materials, machinery and equipment for*  
23 *incorporation in such project. The contractor shall furnish the num-*  
24 *ber of such certificates to all suppliers from whom such purchases*  
25 *are made, and such suppliers shall execute invoices covering the*  
26 *same bearing the number of such certificate. Upon completion of*  
27 *the project the contractor shall furnish to the owner of the business*  
28 *or retail business a sworn statement, on a form to be provided by*  
29 *the director of taxation, that all purchases so made were entitled to*  
30 *exemption under this subsection. All invoices shall be held by the*  
31 *contractor for a period of five years and shall be subject to audit*  
32 *by the director of taxation. Any contractor or any agent, employee*  
33 *or subcontractor thereof, who shall use or otherwise dispose of any*  
34 *materials, machinery or equipment purchased under such a certifi-*  
35 *cate for any purpose other than that for which such a certificate is*  
36 *issued without the payment of the sales or compensating tax oth-*  
37 *erwise imposed thereon, shall be guilty of a misdemeanor and, upon*  
38 *conviction therefor, shall be subject to the penalties provided for in*  
39 *subsection (g) of K.S.A. 79-3615 and amendments thereto. As used*  
40 *in this subsection, “business” and “retail business” have the mean-*  
41 *ings respectively ascribed thereto by K.S.A. 74-50,114 and amend-*  
42 *ments thereto;*

43 *[(dd) all sales of tangible personal property purchased with*

- 1 *food stamps issued by the United States department of agriculture;*  
2 *[(ee) all sales of lottery tickets and shares made as part of a*  
3 *lottery operated by the state of Kansas;*  
4 *[(ff) on and after July 1, 1988, all sales of new mobile homes or*  
5 *manufactured homes to the extent of 40% of the gross receipts, de-*  
6 *termined without regard to any trade-in allowance, received from*  
7 *such sale. As used in this subsection, “mobile homes” and “manu-*  
8 *factured homes” shall have the meanings ascribed thereto by K.S.A.*  
9 *58-4202 and amendments thereto;*  
10 *[(gg) all sales of tangible personal property purchased in ac-*  
11 *cordance with vouchers issued pursuant to the federal special sup-*  
12 *plemental food program for women, infants and children;*  
13 *[(hh) all sales of medical supplies and equipment, including du-*  
14 *urable medical equipment, purchased directly by a nonprofit skilled*  
15 *nursing home or nonprofit intermediate nursing care home, as de-*  
16 *finied by K.S.A. 39-923, and amendments thereto, for the purpose of*  
17 *providing medical services to residents thereof. This exemption*  
18 *shall not apply to tangible personal property customarily used for*  
19 *human habitation purposes. As used in this subsection, “durable*  
20 *medical equipment” means equipment including repair and re-*  
21 *placement parts for such equipment, which can withstand repeated*  
22 *use, is primarily and customarily used to serve a medical purpose,*  
23 *generally is not useful to a person in the absence of illness or injury*  
24 *and is not worn in or on the body, but does not include mobility*  
25 *enhancing equipment as defined in subsection (r), oxygen delivery*  
26 *equipment, kidney dialysis equipment or enteral feeding systems;*  
27 *[(ii) all sales of tangible personal property purchased directly*  
28 *by a nonprofit organization for nonsectarian comprehensive mul-*  
29 *tidiscipline youth development programs and activities provided or*  
30 *sponsored by such organization, and all sales of tangible personal*  
31 *property by or on behalf of any such organization. This exemption*  
32 *shall not apply to tangible personal property customarily used for*  
33 *human habitation purposes;*  
34 *[(jj) all sales of tangible personal property or services, includ-*  
35 *ing the renting and leasing of tangible personal property, purchased*  
36 *directly on behalf of a community-based mental retardation facility*  
37 *or mental health center organized pursuant to K.S.A. 19-4001 et*  
38 *seq., and amendments thereto, and licensed in accordance with the*  
39 *provisions of K.S.A. 75-3307b and amendments thereto and all sales*  
40 *of tangible personal property or services purchased by contractors*  
41 *during the time period from July, 2003, through June, 2006, for the*  
42 *purpose of constructing, equipping, maintaining or furnishing a*  
43 *new facility for a community-based mental retardation facility or*

1 *mental health center located in Riverton, Cherokee County, Kansas,*  
2 *which would have been eligible for sales tax exemption pursuant to*  
3 *this subsection if purchased directly by such facility or center. This*  
4 *exemption shall not apply to tangible personal property customarily*  
5 *used for human habitation purposes;*  
6 *[(kk) (1) (A) all sales of machinery and equipment which are*  
7 *used in this state as an integral or essential part of an integrated*  
8 *production operation by a manufacturing or processing plant or*  
9 *facility;*  
10 *[(B) all sales of installation, repair and maintenance services*  
11 *performed on such machinery and equipment; and*  
12 *[(C) all sales of repair and replacement parts and accessories*  
13 *purchased for such machinery and equipment.*  
14 *[(2) For purposes of this subsection:*  
15 *[(A) “Integrated production operation” means an integrated se-*  
16 *ries of operations engaged in at a manufacturing or processing plant*  
17 *or facility to process, transform or convert tangible personal prop-*  
18 *erty by physical, chemical or other means into a different form,*  
19 *composition or character from that in which it originally existed.*  
20 *Integrated production operations shall include: (i) Production line*  
21 *operations, including packaging operations; (ii) preproduction op-*  
22 *erations to handle, store and treat raw materials; (iii) post produc-*  
23 *tion handling, storage, warehousing and distribution operations;*  
24 *and (iv) waste, pollution and environmental control operations, if*  
25 *any;*  
26 *[(B) “production line” means the assemblage of machinery and*  
27 *equipment at a manufacturing or processing plant or facility where*  
28 *the actual transformation or processing of tangible personal prop-*  
29 *erty occurs;*  
30 *[(C) “manufacturing or processing plant or facility” means a*  
31 *single, fixed location owned or controlled by a manufacturing or*  
32 *processing business that consists of one or more structures or build-*  
33 *ings in a contiguous area where integrated production operations*  
34 *are conducted to manufacture or process tangible personal prop-*  
35 *erty to be ultimately sold at retail. Such term shall not include any*  
36 *facility primarily operated for the purpose of conveying or assisting*  
37 *in the conveyance of natural gas, electricity, oil or water. A business*  
38 *may operate one or more manufacturing or processing plants or*  
39 *facilities at different locations to manufacture or process a single*  
40 *product of tangible personal property to be ultimately sold at retail;*  
41 *[(D) “manufacturing or processing business” means a business*  
42 *that utilizes an integrated production operation to manufacture,*  
43 *process, fabricate, finish, or assemble items for wholesale and retail*

1 *distribution as part of what is commonly regarded by the general*  
2 *public as an industrial manufacturing or processing operation or*  
3 *an agricultural commodity processing operation. (i) Industrial*  
4 *manufacturing or processing operations include, by way of illustra-*  
5 *tion but not of limitation, the fabrication of automobiles, airplanes,*  
6 *machinery or transportation equipment, the fabrication of metal,*  
7 *plastic, wood, or paper products, electricity power generation, wa-*  
8 *ter treatment, petroleum refining, chemical production, wholesale*  
9 *bottling, newspaper printing, ready mixed concrete production, and*  
10 *the remanufacturing of used parts for wholesale or retail sale. Such*  
11 *processing operations shall include operations at an oil well, gas*  
12 *well, mine or other excavation site where the oil, gas, minerals, coal,*  
13 *clay, stone, sand or gravel that has been extracted from the earth is*  
14 *cleaned, separated, crushed, ground, milled, screened, washed, or*  
15 *otherwise treated or prepared before its transmission to a refinery*  
16 *or before any other wholesale or retail distribution. (ii) Agricul-*  
17 *tural commodity processing operations include, by way of illustra-*  
18 *tion but not of limitation, meat packing, poultry slaughtering and*  
19 *dressing, processing and packaging farm and dairy products in*  
20 *sealed containers for wholesale and retail distribution, feed grind-*  
21 *ing, grain milling, frozen food processing, and grain handling,*  
22 *cleaning, blending, fumigation, drying and aeration operations en-*  
23 *gaged in by grain elevators or other grain storage facilities. (iii)*  
24 *Manufacturing or processing businesses do not include, by way of*  
25 *illustration but not of limitation, nonindustrial businesses whose*  
26 *operations are primarily retail and that produce or process tangible*  
27 *personal property as an incidental part of conducting the retail*  
28 *business, such as retailers who bake, cook or prepare food products*  
29 *in the regular course of their retail trade, grocery stores, meat lock-*  
30 *ers and meat markets that butcher or dress livestock or poultry in*  
31 *the regular course of their retail trade, contractors who alter, serv-*  
32 *ice, repair or improve real property, and retail businesses that*  
33 *clean, service or refurbish and repair tangible personal property*  
34 *for its owner;*

35 *[(E) “repair and replacement parts and accessories” means all*  
36 *parts and accessories for exempt machinery and equipment, includ-*  
37 *ing, but not limited to, dies, jigs, molds, patterns and safety devices*  
38 *that are attached to exempt machinery or that are otherwise used*  
39 *in production, and parts and accessories that require periodic re-*  
40 *placement such as belts, drill bits, grinding wheels, grinding balls,*  
41 *cutting bars, saws, refractory brick and other refractory items for*  
42 *exempt kiln equipment used in production operations;*

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

- 1     *[(3) For purposes of this subsection, machinery and equipment*  
2 *shall be deemed to be used as an integral or essential part of an*  
3 *integrated production operation when used:*
- 4     *[(A) To receive, transport, convey, handle, treat or store raw*  
5 *materials in preparation of its placement on the production line;*
- 6     *[(B) to transport, convey, handle or store the property under-*  
7 *going manufacturing or processing at any point from the beginning*  
8 *of the production line through any warehousing or distribution op-*  
9 *eration of the final product that occurs at the plant or facility;*
- 10    *[(C) to act upon, effect, promote or otherwise facilitate a phys-*  
11 *ical change to the property undergoing manufacturing or*  
12 *processing;*
- 13    *[(D) to guide, control or direct the movement of property un-*  
14 *dergoing manufacturing or processing;*
- 15    *[(E) to test or measure raw materials, the property undergoing*  
16 *manufacturing or processing or the finished product, as a necessary*  
17 *part of the manufacturer's integrated production operations;*
- 18    *[(F) to plan, manage, control or record the receipt and flow of*  
19 *inventories of raw materials, consumables and component parts, the*  
20 *flow of the property undergoing manufacturing or processing and*  
21 *the management of inventories of the finished product;*
- 22    *[(G) to produce energy for, lubricate, control the operating of*  
23 *or otherwise enable the functioning of other production machinery*  
24 *and equipment and the continuation of production operations;*
- 25    *[(H) to package the property being manufactured or processed*  
26 *in a container or wrapping in which such property is normally sold*  
27 *or transported;*
- 28    *[(I) to transmit or transport electricity, coke, gas, water, steam*  
29 *or similar substances used in production operations from the point*  
30 *of generation, if produced by the manufacturer or processor at the*  
31 *plant site, to that manufacturer's production operation; or, if pur-*  
32 *chased or delivered from offsite, from the point where the substance*  
33 *enters the site of the plant or facility to that manufacturer's pro-*  
34 *duction operations;*
- 35    *[(J) to cool, heat, filter, refine or otherwise treat water, steam,*  
36 *acid, oil, solvents or other substances that are used in production*  
37 *operations;*
- 38    *[(K) to provide and control an environment required to main-*  
39 *tain certain levels of air quality, humidity or temperature in special*  
40 *and limited areas of the plant or facility, where such regulation of*  
41 *temperature or humidity is part of and essential to the production*  
42 *process;*
- 43    *[(L) to treat, transport or store waste or other byproducts of*

1 *production operations at the plant or facility; or*  
2 *[(M) to control pollution at the plant or facility where the pol-*  
3 *lution is produced by the manufacturing or processing operation.*  
4 *[(4) The following machinery, equipment and materials shall be*  
5 *deemed to be exempt even though it may not otherwise qualify as*  
6 *machinery and equipment used as an integral or essential part of*  
7 *an integrated production operation: (A) Computers and related pe-*  
8 *ripheral equipment that are utilized by a manufacturing or proc-*  
9 *essing business for engineering of the finished product or for re-*  
10 *search and development or product design; (B) machinery and*  
11 *equipment that is utilized by a manufacturing or processing busi-*  
12 *ness to manufacture or rebuild tangible personal property that is*  
13 *used in manufacturing or processing operations, including tools,*  
14 *dies, molds, forms and other parts of qualifying machinery and*  
15 *equipment; (C) portable plants for aggregate concrete, bulk cement*  
16 *and asphalt including cement mixing drums to be attached to a mo-*  
17 *tor vehicle; (D) industrial fixtures, devices, support facilities and*  
18 *special foundations necessary for manufacturing and production*  
19 *operations, and materials and other tangible personal property sold*  
20 *for the purpose of fabricating such fixtures, devices, facilities and*  
21 *foundations. An exemption certificate for such purchases shall be*  
22 *signed by the manufacturer or processor. If the fabricator pur-*  
23 *chases such material, the fabricator shall also sign the exemption*  
24 *certificate; and (E) a manufacturing or processing business' labo-*  
25 *ratory equipment that is not located at the plant or facility, but that*  
26 *would otherwise qualify for exemption under subsection (3)(E).*  
27 *[(5) "Machinery and equipment used as an integral or essential*  
28 *part of an integrated production operation" shall not include:*  
29 *[(A) Machinery and equipment used for nonproduction pur-*  
30 *poses, including, but not limited to, machinery and equipment used*  
31 *for plant security, fire prevention, first aid, accounting, administra-*  
32 *tion, record keeping, advertising, marketing, sales or other related*  
33 *activities, plant cleaning, plant communications, and employee*  
34 *work scheduling;*  
35 *[(B) machinery, equipment and tools used primarily in main-*  
36 *taining and repairing any type of machinery and equipment or the*  
37 *building and plant;*  
38 *[(C) transportation, transmission and distribution equipment*  
39 *not primarily used in a production, warehousing or material han-*  
40 *dling operation at the plant or facility, including the means of con-*  
41 *voyance of natural gas, electricity, oil or water, and equipment re-*  
42 *lated thereto, located outside the plant or facility;*  
43 *[(D) office machines and equipment including computers and*



- 1 *related peripheral equipment not used directly and primarily to*  
2 *control or measure the manufacturing process;*
- 3 *[(E) furniture and other furnishings;*  
4 *[(F) buildings, other than exempt machinery and equipment*  
5 *that is permanently affixed to or becomes a physical part of the*  
6 *building, and any other part of real estate that is not otherwise*  
7 *exempt;*
- 8 *[(G) building fixtures that are not integral to the manufacturing*  
9 *operation, such as utility systems for heating, ventilation, air con-*  
10 *ditioning, communications, plumbing or electrical;*
- 11 *[(H) machinery and equipment used for general plant heating,*  
12 *cooling and lighting;*
- 13 *[(I) motor vehicles that are registered for operation on public*  
14 *highways; or*
- 15 *[(J) employee apparel, except safety and protective apparel that*  
16 *is purchased by an employer and furnished gratuitously to employ-*  
17 *ees who are involved in production or research activities.*
- 18 *[(6) Subsections (3) and (5) shall not be construed as exclusive*  
19 *listings of the machinery and equipment that qualify or do not qual-*  
20 *ify as an integral or essential part of an integrated production op-*  
21 *eration. When machinery or equipment is used as an integral or*  
22 *essential part of production operations part of the time and for non-*  
23 *production purpose at other times, the primary use of the machin-*  
24 *ery or equipment shall determine whether or not such machinery*  
25 *or equipment qualifies for exemption.*
- 26 *[(7) The secretary of revenue shall adopt rules and regulations*  
27 *necessary to administer the provisions of this subsection;*
- 28 *[(ll) all sales of educational materials purchased for distribu-*  
29 *tion to the public at no charge by a nonprofit corporation organized*  
30 *for the purpose of encouraging, fostering and conducting programs*  
31 *for the improvement of public health;*
- 32 *[(mm) all sales of seeds and tree seedlings; fertilizers, insecti-*  
33 *cides, herbicides, germicides, pesticides and fungicides; and serv-*  
34 *ices, purchased and used for the purpose of producing plants in*  
35 *order to prevent soil erosion on land devoted to agricultural use;*
- 36 *[(nn) except as otherwise provided in this act, all sales of serv-*  
37 *ices rendered by an advertising agency or licensed broadcast station*  
38 *or any member, agent or employee thereof;*
- 39 *[(oo) all sales of tangible personal property purchased by a*  
40 *community action group or agency for the exclusive purpose of re-*  
41 *pairing or weatherizing housing occupied by low income*  
42 *individuals;*
- 43 *[(pp) all sales of drill bits and explosives actually utilized in the*

- 1 *exploration and production of oil or gas;*  
2 *[(qq) all sales of tangible personal property and services pur-*  
3 *chased by a nonprofit museum or historical society or any combi-*  
4 *nation thereof, including a nonprofit organization which is organ-*  
5 *ized for the purpose of stimulating public interest in the exploration*  
6 *of space by providing educational information, exhibits and expe-*  
7 *riences, which is exempt from federal income taxation pursuant to*  
8 *section 501(c)(3) of the federal internal revenue code of 1986;*  
9 *[(rr) all sales of tangible personal property which will admit the*  
10 *purchaser thereof to any annual event sponsored by a nonprofit*  
11 *organization which is exempt from federal income taxation pursu-*  
12 *ant to section 501(c)(3) of the federal internal revenue code of 1986;*  
13 *[(ss) all sales of tangible personal property and services pur-*  
14 *chased by a public broadcasting station licensed by the federal com-*  
15 *munications commission as a noncommercial educational television*  
16 *or radio station;*  
17 *[(tt) all sales of tangible personal property and services pur-*  
18 *chased by or on behalf of a not-for-profit corporation which is ex-*  
19 *empt from federal income taxation pursuant to section 501(c)(3) of*  
20 *the federal internal revenue code of 1986, for the sole purpose of*  
21 *constructing a Kansas Korean War memorial;*  
22 *[(uu) all sales of tangible personal property and services pur-*  
23 *chased by or on behalf of any rural volunteer fire-fighting organi-*  
24 *zation for use exclusively in the performance of its duties and*  
25 *functions;*  
26 *[(vv) all sales of tangible personal property purchased by any*  
27 *of the following organizations which are exempt from federal in-*  
28 *come taxation pursuant to section 501 (c)(3) of the federal internal*  
29 *revenue code of 1986, for the following purposes, and all sales of*  
30 *any such property by or on behalf of any such organization for any*  
31 *such purpose:*  
32 *[(1) The American Heart Association, Kansas Affiliate, Inc. for*  
33 *the purposes of providing education, training, certification in emer-*  
34 *gency cardiac care, research and other related services to reduce*  
35 *disability and death from cardiovascular diseases and stroke;*  
36 *[(2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose*  
37 *of advocacy for persons with mental illness and to education, re-*  
38 *search and support for their families;*  
39 *[(3) the Kansas Mental Illness Awareness Council for the pur-*  
40 *poses of advocacy for persons who are mentally ill and to education,*  
41 *research and support for them and their families;*  
42 *[(4) the American Diabetes Association Kansas Affiliate, Inc. for*  
43 *the purpose of eliminating diabetes through medical research, pub-*

- 1 *lic education focusing on disease prevention and education, patient*  
2 *education including information on coping with diabetes, and pro-*  
3 *fessional education and training;*
- 4 *[(5) the American Lung Association of Kansas, Inc. for the pur-*  
5 *pose of eliminating all lung diseases through medical research, pub-*  
6 *lic education including information on coping with lung diseases,*  
7 *professional education and training related to lung disease and*  
8 *other related services to reduce the incidence of disability and death*  
9 *due to lung disease;*
- 10 *[(6) the Kansas chapters of the Alzheimer’s Disease and Related*  
11 *Disorders Association, Inc. for the purpose of providing assistance*  
12 *and support to persons in Kansas with Alzheimer’s disease, and their*  
13 *families and caregivers;*
- 14 *[(7) the Kansas chapters of the Parkinson’s disease association*  
15 *for the purpose of eliminating Parkinson’s disease through medical*  
16 *research and public and professional education related to such*  
17 *disease;*
- 18 *[(8) the National Kidney Foundation of Kansas and Western*  
19 *Missouri for the purpose of eliminating kidney disease through med-*  
20 *ical research and public and private education related to such*  
21 *disease;*
- 22 *[(9) the heartstrings community foundation for the purpose of*  
23 *providing training, employment and activities for adults with de-*  
24 *velopmental disabilities;*
- 25 *[(10) the Cystic Fibrosis Foundation, Heart of America Chap-*  
26 *ter, for the purposes of assuring the development of the means to*  
27 *cure and control cystic fibrosis and improving the quality of life for*  
28 *those with the disease;*
- 29 *[(11) the spina bifida association of Kansas for the purpose of*  
30 *providing financial, educational and practical aid to families and*  
31 *individuals with spina bifida. Such aid includes, but is not limited*  
32 *to, funding for medical devices, counseling and medical educational*  
33 *opportunities;*
- 34 *[(12) the CHWC, Inc., for the purpose of rebuilding urban core*  
35 *neighborhoods through the construction of new homes, acquiring*  
36 *and renovating existing homes and other related activities, and pro-*  
37 *moting economic development in such neighborhoods;*
- 38 *[(13) the cross-lines cooperative council for the purpose of pro-*  
39 *viding social services to low income individuals and families;*
- 40 *[(14) the Dreams Work, Inc., for the purpose of providing young*  
41 *adult day services to individuals with developmental disabilities*  
42 *and assisting families in avoiding institutional or nursing home care*  
43 *for a developmentally disabled member of their family;*

- 1     *[(15) the KSDS, Inc., for the purpose of promoting the inde-*  
2     *pendence and inclusion of people with disabilities as fully partici-*  
3     *parting and contributing members of their communities and society*  
4     *through the training and providing of guide and service dogs to*  
5     *people with disabilities, and providing disability education and*  
6     *awareness to the general public;*
- 7     *[(16) the lyme association of greater Kansas City, Inc., for the*  
8     *purpose of providing support to persons with lyme disease and pub-*  
9     *lic education relating to the prevention, treatment and cure of lyme*  
10    *disease;*
- 11    *[(17) the Dream Factory, Inc., for the purpose of granting the*  
12    *dreams of children with critical and chronic illnesses;*
- 13    *[(18) the Ottawa Suzuki Strings, Inc., for the purpose of pro-*  
14    *viding students and families with education and resources necessary*  
15    *to enable each child to develop fine character and musical ability*  
16    *to the fullest potential;*
- 17    *[(19) the International Association of Lions Clubs for the pur-*  
18    *pose of creating and fostering a spirit of understanding among all*  
19    *people for humanitarian needs by providing voluntary services*  
20    *through community involvement and international cooperation;*
- 21    *[(20) the Johnson county young matrons, inc., for the purpose*  
22    *of promoting a positive future for members of the community*  
23    *through volunteerism, financial support and education through the*  
24    *efforts of an all volunteer organization;*
- 25    *[(21) the American Cancer Society, Inc., for the purpose of elim-*  
26    *inating cancer as a major health problem by preventing cancer,*  
27    *saving lives and diminishing suffering from cancer, through re-*  
28    *search, education, advocacy and service;*
- 29    *[(22) the community services of Shawnee, inc., for the purpose*  
30    *of providing food and clothing to those in need; and*
- 31    *[(23) the angel babies association, for the purpose of providing*  
32    *assistance, support and items of necessity to teenage mothers and*  
33    *their babies; and*
- 34    *[(24) the downing concert series, for the purpose of holding an annual*  
35    *concert to benefit needy children in the Wichita community;*
- 36    *[(ww) all sales of tangible personal property purchased by the*  
37    *Habitat for Humanity for the exclusive use of being incorporated*  
38    *within a housing project constructed by such organization;*
- 39    *[(xx) all sales of tangible personal property and services pur-*  
40    *chased by a nonprofit zoo which is exempt from federal income tax-*  
41    *ation pursuant to section 501(c)(3) of the federal internal revenue*  
42    *code of 1986, or on behalf of such zoo by an entity itself exempt*  
43    *from federal income taxation pursuant to section 501(c)(3) of the*

1 *federal internal revenue code of 1986 contracted with to operate*  
2 *such zoo and all sales of tangible personal property or services pur-*  
3 *chased by a contractor for the purpose of constructing, equipping,*  
4 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*  
5 *modeling facilities for any nonprofit zoo which would be exempt*  
6 *from taxation under the provisions of this section if purchased di-*  
7 *rectly by such nonprofit zoo or the entity operating such zoo. Noth-*  
8 *ing in this subsection shall be deemed to exempt the purchase of*  
9 *any construction machinery, equipment or tools used in the con-*  
10 *structing, equipping, reconstructing, maintaining, repairing, en-*  
11 *larging, furnishing or remodeling facilities for any nonprofit zoo.*  
12 *When any nonprofit zoo shall contract for the purpose of construct-*  
13 *ing, equipping, reconstructing, maintaining, repairing, enlarging,*  
14 *furnishing or remodeling facilities, it shall obtain from the state and*  
15 *furnish to the contractor an exemption certificate for the project*  
16 *involved, and the contractor may purchase materials for incorpo-*  
17 *ration in such project. The contractor shall furnish the number of*  
18 *such certificate to all suppliers from whom such purchases are*  
19 *made, and such suppliers shall execute invoices covering the same*  
20 *bearing the number of such certificate. Upon completion of the pro-*  
21 *ject the contractor shall furnish to the nonprofit zoo concerned a*  
22 *sworn statement, on a form to be provided by the director of taxa-*  
23 *tion, that all purchases so made were entitled to exemption under*  
24 *this subsection. All invoices shall be held by the contractor for a*  
25 *period of five years and shall be subject to audit by the director of*  
26 *taxation. If any materials purchased under such a certificate are*  
27 *found not to have been incorporated in the building or other project*  
28 *or not to have been returned for credit or the sales or compensating*  
29 *tax otherwise imposed upon such materials which will not be so*  
30 *incorporated in the building or other project reported and paid by*  
31 *such contractor to the director of taxation not later than the 20th*  
32 *day of the month following the close of the month in which it shall*  
33 *be determined that such materials will not be used for the purpose*  
34 *for which such certificate was issued, the nonprofit zoo concerned*  
35 *shall be liable for tax on all materials purchased for the project,*  
36 *and upon payment thereof it may recover the same from the con-*  
37 *tractor together with reasonable attorney fees. Any contractor or*  
38 *any agent, employee or subcontractor thereof, who shall use or oth-*  
39 *erwise dispose of any materials purchased under such a certificate*  
40 *for any purpose other than that for which such a certificate is issued*  
41 *without the payment of the sales or compensating tax otherwise im-*  
42 *posed upon such materials, shall be guilty of a misdemeanor and,*  
43 *upon conviction therefor, shall be subject to the penalties provided*

1 *for in subsection (g) of K.S.A. 79-3615, and amendments thereto;*  
2 *[(yy) all sales of tangible personal property and services pur-*  
3 *chased by a parent-teacher association or organization, and all*  
4 *sales of tangible personal property by or on behalf of such associ-*  
5 *ation or organization;*  
6 *[(zz) all sales of machinery and equipment purchased by over-*  
7 *the-air, free access radio or television station which is used directly*  
8 *and primarily for the purpose of producing a broadcast signal or is*  
9 *such that the failure of the machinery or equipment to operate*  
10 *would cause broadcasting to cease. For purposes of this subsection,*  
11 *machinery and equipment shall include, but not be limited to, that*  
12 *required by rules and regulations of the federal communications*  
13 *commission, and all sales of electricity which are essential or nec-*  
14 *essary for the purpose of producing a broadcast signal or is such*  
15 *that the failure of the electricity would cause broadcasting to cease;*  
16 *[(aaa) all sales of tangible personal property and services pur-*  
17 *chased by a religious organization which is exempt from federal*  
18 *income taxation pursuant to section 501(c)(3) of the federal internal*  
19 *revenue code, and used exclusively for religious purposes, and all*  
20 *sales of tangible personal property or services purchased by a con-*  
21 *tractor for the purpose of constructing, equipping, reconstructing,*  
22 *maintaining, repairing, enlarging, furnishing or remodeling facili-*  
23 *ties for any such organization which would be exempt from taxation*  
24 *under the provisions of this section if purchased directly by such*  
25 *organization. Nothing in this subsection shall be deemed to exempt*  
26 *the purchase of any construction machinery, equipment or tools*  
27 *used in the constructing, equipping, reconstructing, maintaining,*  
28 *repairing, enlarging, furnishing or remodeling facilities for any*  
29 *such organization. When any such organization shall contract for*  
30 *the purpose of constructing, equipping, reconstructing, maintain-*  
31 *ing, repairing, enlarging, furnishing or remodeling facilities, it shall*  
32 *obtain from the state and furnish to the contractor an exemption*  
33 *certificate for the project involved, and the contractor may pur-*  
34 *chase materials for incorporation in such project. The contractor*  
35 *shall furnish the number of such certificate to all suppliers from*  
36 *whom such purchases are made, and such suppliers shall execute*  
37 *invoices covering the same bearing the number of such certificate.*  
38 *Upon completion of the project the contractor shall furnish to such*  
39 *organization concerned a sworn statement, on a form to be provided*  
40 *by the director of taxation, that all purchases so made were entitled*  
41 *to exemption under this subsection. All invoices shall be held by the*  
42 *contractor for a period of five years and shall be subject to audit*  
43 *by the director of taxation. If any materials purchased under such*

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

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

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

1 *constructing, equipping, reconstructing, maintaining, repairing, en-*  
2 *larging, furnishing or remodeling facilities for any such clinic or*  
3 *center which would be exempt from taxation under the provisions*  
4 *of this section if purchased directly by such clinic or center. Nothing*  
5 *in this subsection shall be deemed to exempt the purchase of any*  
6 *construction machinery, equipment or tools used in the construct-*  
7 *ing, equipping, reconstructing, maintaining, repairing, enlarging,*  
8 *furnishing or remodeling facilities for any such clinic or center.*  
9 *When any such clinic or center shall contract for the purpose of*  
10 *constructing, equipping, reconstructing, maintaining, repairing, en-*  
11 *larging, furnishing or remodeling facilities, it shall obtain from the*  
12 *state and furnish to the contractor an exemption certificate for the*  
13 *project involved, and the contractor may purchase materials for*  
14 *incorporation in such project. The contractor shall furnish the num-*  
15 *ber of such certificate to all suppliers from whom such purchases*  
16 *are made, and such suppliers shall execute invoices covering the*  
17 *same bearing the number of such certificate. Upon completion of*  
18 *the project the contractor shall furnish to such clinic or center con-*  
19 *cerned a sworn statement, on a form to be provided by the director*  
20 *of taxation, that all purchases so made were entitled to exemption*  
21 *under this subsection. All invoices shall be held by the contractor*  
22 *for a period of five years and shall be subject to audit by the director*  
23 *of taxation. If any materials purchased under such a certificate are*  
24 *found not to have been incorporated in the building or other project*  
25 *or not to have been returned for credit or the sales or compensating*  
26 *tax otherwise imposed upon such materials which will not be so*  
27 *incorporated in the building or other project reported and paid by*  
28 *such contractor to the director of taxation not later than the 20th*  
29 *day of the month following the close of the month in which it shall*  
30 *be determined that such materials will not be used for the purpose*  
31 *for which such certificate was issued, such clinic or center con-*  
32 *cerned shall be liable for tax on all materials purchased for the*  
33 *project, and upon payment thereof it may recover the same from*  
34 *the contractor together with reasonable attorney fees. Any contrac-*  
35 *tor or any agent, employee or subcontractor thereof, who shall use*  
36 *or otherwise dispose of any materials purchased under such a cer-*  
37 *tificate for any purpose other than that for which such a certificate*  
38 *is issued without the payment of the sales or compensating tax oth-*  
39 *erwise imposed upon such materials, shall be guilty of a misde-*  
40 *meanor and, upon conviction therefor, shall be subject to the pen-*  
41 *alties provided for in subsection (g) of K.S.A. 79-3615, and*  
42 *amendments thereto;*  
43 *[(ddd) on and after January 1, 1999, and before January 1,*



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

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

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

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

40 **[(hhh) all sales of tangible personal property and services pur-**  
41 **chased by or on behalf of all domestic violence shelters that are**  
42 **member agencies of the Kansas coalition against sexual and domes-**  
43 **tic violence;**

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

1 *for the project, and upon payment thereof it may recover the same*  
2 *from the contractor together with reasonable attorney fees. Any*  
3 *contractor or any agent, employee or subcontractor thereof, who*  
4 *shall use or otherwise dispose of any materials purchased under*  
5 *such a certificate for any purpose other than that for which such a*  
6 *certificate is issued without the payment of the sales or compensat-*  
7 *ing tax otherwise imposed upon such materials, shall be guilty of a*  
8 *misdemeanor and, upon conviction therefor, shall be subject to the*  
9 *penalties provided for in subsection (g) of K.S.A. 79-3615, and*  
10 *amendments thereto. Sales tax paid on and after July 1, 2005, but*  
11 *prior to the effective date of this act upon the gross receipts received*  
12 *from any sale exempted by the amendatory provisions of this sub-*  
13 *section shall be refunded. Each claim for a sales tax refund shall be*  
14 *verified and submitted to the director of taxation upon forms fur-*  
15 *nished by the director and shall be accompanied by any additional*  
16 *documentation required by the director. The director shall review*  
17 *each claim and shall refund that amount of sales tax paid as deter-*  
18 *mined under the provisions of this subsection. All refunds shall be*  
19 *paid from the sales tax refund fund upon warrants of the director*  
20 *of accounts and reports pursuant to vouchers approved by the di-*  
21 *rector or the director's designee;*

22 *[(jjj) all sales of dietary supplements dispensed pursuant to a*  
23 *prescription order by a licensed practitioner or a mid-level practi-*  
24 *tioner as defined by K.S.A. 65-1626, and amendments thereto. As*  
25 *used in this subsection, "dietary supplement" means any product,*  
26 *other than tobacco, intended to supplement the diet that: (1) Con-*  
27 *tains one or more of the following dietary ingredients: A vitamin, a*  
28 *mineral, an herb or other botanical, an amino acid, a dietary sub-*  
29 *stance for use by humans to supplement the diet by increasing the*  
30 *total dietary intake or a concentrate, metabolite, constituent, ex-*  
31 *tract or combination of any such ingredient; (2) is intended for in-*  
32 *gestion in tablet, capsule, powder, softgel, gelcap or liquid form, or*  
33 *if not intended for ingestion, in such a form, is not represented as*  
34 *conventional food and is not represented for use as a sole item of a*  
35 *meal or of the diet; and (3) is required to be labeled as a dietary*  
36 *supplement, identifiable by the supplemental facts box found on the*  
37 *label and as required pursuant to 21 C.F.R. § 101.36;*

38 *[(lll) all sales of tangible personal property and services pur-*  
39 *chased by special olympics Kansas, inc. for the purpose of providing*  
40 *year-round sports training and athletic competition in a variety of*  
41 *olympic-type sports for individuals with intellectual disabilities by*  
42 *giving them continuing opportunities to develop physical fitness,*  
43 *demonstrate courage, experience joy and participate in a sharing of*

1 *gifts, skills and friendship with their families, other special olympics*  
2 *athletes and the community, and activities provided or sponsored*  
3 *by such organization, and all sales of tangible personal property by*  
4 *or on behalf of any such organization;*  
5 *[(mmm) all sales of tangible personal property purchased by or*  
6 *on behalf of the Marillac Center, Inc., which is exempt from federal*  
7 *income taxation pursuant to section 501(c)(3) of the federal internal*  
8 *revenue code, for the purpose of providing psycho-social-biological*  
9 *and special education services to children, and all sales of any such*  
10 *property by or on behalf of such organization for such purpose;*  
11 *[(nnn) all sales of tangible personal property and services pur-*  
12 *chased by the West Sedgwick County-Sunrise Rotary Club and Sun-*  
13 *rise Charitable Fund for the purpose of constructing a boundless*  
14 *playground which is an integrated, barrier free and developmen-*  
15 *tally advantageous play environment for children of all abilities and*  
16 *disabilities;*  
17 *[(ooo) all sales of tangible personal property by or on behalf of*  
18 *a public library serving the general public and supported in whole*  
19 *or in part with tax money or a not-for-profit organization whose*  
20 *purpose is to raise funds for or provide services or other benefits to*  
21 *any such public library;*  
22 *[(ppp) all sales of tangible personal property and services pur-*  
23 *chased by or on behalf of a homeless shelter which is exempt from*  
24 *federal income taxation pursuant to section 501(c)(3) of the federal*  
25 *income tax code of 1986, and used by any such homeless shelter to*  
26 *provide emergency and transitional housing for individuals and*  
27 *families experiencing homelessness, and all sales of any such prop-*  
28 *erty by or on behalf of any such homeless shelter for any such*  
29 *purpose;*  
30 *[(qqq) all sales of tangible personal property and services pur-*  
31 *chased by TLC for children and families, inc., hereinafter referred*  
32 *to as TLC, which is exempt from federal income taxation pursuant*  
33 *to section 501(c)(3) of the federal internal revenue code of 1986,*  
34 *and which such property and services are used for the purpose of*  
35 *providing emergency shelter and treatment for abused and ne-*  
36 *glected children as well as meeting additional critical needs for chil-*  
37 *dren, juveniles and family, and all sales of any such property by or*  
38 *on behalf of TLC for any such purpose; and all sales of tangible*  
39 *personal property or services purchased by a contractor for the*  
40 *purpose of constructing, maintaining, repairing, enlarging, furnish-*  
41 *ing or remodeling facilities for the operation of services for TLC for*  
42 *any such purpose which would be exempt from taxation under the*  
43 *provisions of this section if purchased directly by TLC. Nothing in*

1 *this subsection shall be deemed to exempt the purchase of any con-*  
2 *struction machinery, equipment or tools used in the constructing,*  
3 *maintaining, repairing, enlarging, furnishing or remodeling such*  
4 *facilities for TLC. When TLC contracts for the purpose of con-*  
5 *structing, maintaining, repairing, enlarging, furnishing or remod-*  
6 *eling such facilities, it shall obtain from the state and furnish to the*  
7 *contractor an exemption certificate for the project involved, and the*  
8 *contractor may purchase materials for incorporation in such pro-*  
9 *ject. The contractor shall furnish the number of such certificate to*  
10 *all suppliers from whom such purchases are made, and such sup-*  
11 *pliers shall execute invoices covering the same bearing the number*  
12 *of such certificate. Upon completion of the project the contractor*  
13 *shall furnish to TLC a sworn statement, on a form to be provided*  
14 *by the director of taxation, that all purchases so made were entitled*  
15 *to exemption under this subsection. All invoices shall be held by the*  
16 *contractor for a period of five years and shall be subject to audit*  
17 *by the director of taxation. If any materials purchased under such*  
18 *a certificate are found not to have been incorporated in the building*  
19 *or other project or not to have been returned for credit or the sales*  
20 *or compensating tax otherwise imposed upon such materials which*  
21 *will not be so incorporated in the building or other project reported*  
22 *and paid by such contractor to the director of taxation not later*  
23 *than the 20th day of the month following the close of the month in*  
24 *which it shall be determined that such materials will not be used*  
25 *for the purpose for which such certificate was issued, TLC shall be*  
26 *liable for tax on all materials purchased for the project, and upon*  
27 *payment thereof it may recover the same from the contractor to-*  
28 *gether with reasonable attorney fees. Any contractor or any agent,*  
29 *employee or subcontractor thereof, who shall use or otherwise dis-*  
30 *pose of any materials purchased under such a certificate for any*  
31 *purpose other than that for which such a certificate is issued with-*  
32 *out the payment of the sales or compensating tax otherwise imposed*  
33 *upon such materials, shall be guilty of a misdemeanor and, upon*  
34 *conviction therefor, shall be subject to the penalties provided for in*  
35 *subsection (g) of K.S.A. 79-3615, and amendments thereto;*

36 *[(rrr) all sales of tangible personal property and services pur-*  
37 *chased by any county law library maintained pursuant to law and*  
38 *sales of tangible personal property and services purchased by an*  
39 *organization which would have been exempt from taxation under*  
40 *the provisions of this subsection if purchased directly by the county*  
41 *law library for the purpose of providing legal resources to attor-*  
42 *neys, judges, students and the general public, and all sales of any*  
43 *such property by or on behalf of any such county law library;*

1     *[(sss) all sales of tangible personal property and services pur-*  
2 *chased by catholic charities or youthville, hereinafter referred to*  
3 *as charitable family providers, which is exempt from federal income*  
4 *taxation pursuant to section 501(c)(3) of the federal internal reve-*  
5  *nue code of 1986, and which such property and services are used*  
6 *for the purpose of providing emergency shelter and treatment for*  
7 *abused and neglected children as well as meeting additional critical*  
8 *needs for children, juveniles and family, and all sales of any such*  
9 *property by or on behalf of charitable family providers for any such*  
10 *purpose; and all sales of tangible personal property or services pur-*  
11 *chased by a contractor for the purpose of constructing, maintaining,*  
12 *repairing, enlarging, furnishing or remodeling facilities for the op-*  
13 *eration of services for charitable family providers for any such pur-*  
14 *pose which would be exempt from taxation under the provisions of*  
15 *this section if purchased directly by charitable family providers.*  
16 *Nothing in this subsection shall be deemed to exempt the purchase*  
17 *of any construction machinery, equipment or tools used in the con-*  
18 *structing, maintaining, repairing, enlarging, furnishing or remodel-*  
19 *ing such facilities for charitable family providers. When charita-*  
20 *ble family providers contracts for the purpose of constructing,*  
21 *maintaining, repairing, enlarging, furnishing or remodeling such*  
22 *facilities, it shall obtain from the state and furnish to the contractor*  
23 *an exemption certificate for the project involved, and the contractor*  
24 *may purchase materials for incorporation in such project. The con-*  
25 *tractor shall furnish the number of such certificate to all suppliers*  
26 *from whom such purchases are made, and such suppliers shall ex-*  
27 *ecute invoices covering the same bearing the number of such cer-*  
28 *tificate. Upon completion of the project the contractor shall furnish*  
29 *to charitable family providers a sworn statement, on a form to be*  
30 *provided by the director of taxation, that all purchases so made*  
31 *were entitled to exemption under this subsection. All invoices shall*  
32 *be held by the contractor for a period of five years and shall be*  
33 *subject to audit by the director of taxation. If any materials pur-*  
34 *chased under such a certificate are found not to have been incor-*  
35 *porated in the building or other project or not to have been returned*  
36 *for credit or the sales or compensating tax otherwise imposed upon*  
37 *such materials which will not be so incorporated in the building or*  
38 *other project reported and paid by such contractor to the director*  
39 *of taxation not later than the 20th day of the month following the*  
40 *close of the month in which it shall be determined that such mate-*  
41 *rials will not be used for the purpose for which such certificate was*  
42 *issued, charitable family providers shall be liable for tax on all ma-*  
43 *terials purchased for the project, and upon payment thereof it may*

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

10 *[(ttt) all sales of tangible personal property or services pur-*  
11 *chased by a contractor for a project for the purpose of restoring,*  
12 *constructing, equipping, reconstructing, maintaining, repairing, en-*  
13 *larging, furnishing or remodeling a home or facility owned by a*  
14 *nonprofit museum which has been granted an exemption pursuant*  
15 *to subsection (qq), which such home or facility is located in a city*  
16 *which has been designated as a qualified hometown pursuant to the*  
17 *provisions of K.S.A. 75-5071, et seq., and amendments thereto, and*  
18 *which such project is related to the purposes of K.S.A. 75-5071, et*  
19 *seq., and amendments thereto, and which would be exempt from*  
20 *taxation under the provisions of this section if purchased directly*  
21 *by such nonprofit museum. Nothing in this subsection shall be*  
22 *deemed to exempt the purchase of any construction machinery,*  
23 *equipment or tools used in the restoring, constructing, equipping,*  
24 *reconstructing, maintaining, repairing, enlarging, furnishing or re-*  
25 *modeling a home or facility for any such nonprofit museum. When*  
26 *any such nonprofit museum shall contract for the purpose of re-*  
27 *storing, constructing, equipping, reconstructing, maintaining, re-*  
28 *pairing, enlarging, furnishing or remodeling a home or facility, it*  
29 *shall obtain from the state and furnish to the contractor an exemp-*  
30 *tion certificate for the project involved, and the contractor may*  
31 *purchase materials for incorporation in such project. The contrac-*  
32 *tor shall furnish the number of such certificates to all suppliers from*  
33 *whom such purchases are made, and such suppliers shall execute*  
34 *invoices covering the same bearing the number of such certificate.*  
35 *Upon completion of the project, the contractor shall furnish to such*  
36 *nonprofit museum a sworn statement on a form to be provided by*  
37 *the director of taxation that all purchases so made were entitled to*  
38 *exemption under this subsection. All invoices shall be held by the*  
39 *contractor for a period of five years and shall be subject to audit*  
40 *by the director of taxation. If any materials purchased under such*  
41 *a certificate are found not to have been incorporated in the building*  
42 *or other project or not to have been returned for credit or the sales*  
43 *or compensating tax otherwise imposed upon such materials which*

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

17 *[(uuu) all sales of tangible personal property and services pur-*  
18 *chased by Kansas children's service league, hereinafter referred to*  
19 *as KCSL, which is exempt from federal income taxation pursuant to*  
20 *section 501(c)(3) of the federal internal revenue code of 1986, and*  
21 *which such property and services are used for the purpose of pro-*  
22 *viding for the prevention and treatment of child abuse and mal-*  
23 *treatment as well as meeting additional critical needs for children,*  
24 *juveniles and family, and all sales of any such property by or on*  
25 *behalf of KCSL for any such purpose; and all sales of tangible per-*  
26 *sonal property or services purchased by a contractor for the pur-*  
27 *pose of constructing, maintaining, repairing, enlarging, furnishing*  
28 *or remodeling facilities for the operation of services for KCSL for*  
29 *any such purpose which would be exempt from taxation under the*  
30 *provisions of this section if purchased directly by KCSL. Nothing*  
31 *in this subsection shall be deemed to exempt the purchase of any*  
32 *construction machinery, equipment or tools used in the construct-*  
33 *ing, maintaining, repairing, enlarging, furnishing or remodeling*  
34 *such facilities for KCSL. When KCSL contracts for the purpose of*  
35 *constructing, maintaining, repairing, enlarging, furnishing or re-*  
36 *modeling such facilities, it shall obtain from the state and furnish*  
37 *to the contractor an exemption certificate for the project involved,*  
38 *and the contractor may purchase materials for incorporation in*  
39 *such project. The contractor shall furnish the number of such cer-*  
40 *tificate to all suppliers from whom such purchases are made, and*  
41 *such suppliers shall execute invoices covering the same bearing the*  
42 *number of such certificate. Upon completion of the project the con-*  
43 *tractor shall furnish to KCSL a sworn statement, on a form to be*



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

24 *[(vvv) all sales of tangible personal property or services, in-*  
25 *cluding the renting and leasing of tangible personal property or*  
26 *services, purchased by Jazz in the Woods, Inc., a Kansas corporation*  
27 *which is exempt from federal income taxation pursuant to section*  
28 *501 (c)(3) of the federal internal revenue code, for the purpose of*  
29 *providing Jazz in the Woods, an event benefiting children-in-need*  
30 *and other nonprofit charities assisting such children, and all sales*  
31 *of any such property by or on behalf of such organization for such*  
32 *purpose;*

33 *[(www) all sales of tangible personal property purchased by or*  
34 *on behalf of the Frontenac Education Foundation, which is exempt*  
35 *from federal income taxation pursuant to section 501 (c)(3) of the*  
36 *federal internal revenue code, for the purpose of providing educa-*  
37 *tion support for students, and all sales of any such property by or*  
38 *on behalf of such organization for such purpose;*

39 *[(xxx) all sales of personal property and services purchased by*  
40 *the booth theatre foundation, inc., an organization which is exempt*  
41 *from federal income taxation pursuant to section 501(c)(3) of the*  
42 *federal internal revenue code of 1986, and which such personal*  
43 *property and services are used by any such organization in the con-*

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

1 *subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax*  
2 *paid on and after January 1, 2007, but prior to the effective date of*  
3 *this act upon the gross receipts received from any sale which would*  
4 *have been exempted by the provisions of this subsection had such*  
5 *sale occurred after the effective date of this act shall be refunded.*  
6 *Each claim for a sales tax refund shall be verified and submitted to*  
7 *the director of taxation upon forms furnished by the director and*  
8 *shall be accompanied by any additional documentation required by*  
9 *the director. The director shall review each claim and shall refund*  
10 *that amount of sales tax paid as determined under the provisions of*  
11 *this subsection. All refunds shall be paid from the sales tax refund*  
12 *fund upon warrants of the director of accounts and reports pursuant*  
13 *to vouchers approved by the director or the director's designee;*  
14 *[(yyy) all sales of tangible personal property and services pur-*  
15 *chased by TLC charities foundation, inc., hereinafter referred to as*  
16 *TLC charities, which is exempt from federal income taxation pur-*  
17 *suant to section 501(c)(3) of the federal internal revenue code of*  
18 *1986, and which such property and services are used for the pur-*  
19 *pose of encouraging private philanthropy to further the vision, val-*  
20 *ues, and goals of TLC for children and families, inc.; and all sales*  
21 *of such property and services by or on behalf of TLC charities for*  
22 *any such purpose and all sales of tangible personal property or*  
23 *services purchased by a contractor for the purpose of constructing,*  
24 *maintaining, repairing, enlarging, furnishing or remodeling facili-*  
25 *ties for the operation of services for TLC charities for any such*  
26 *purpose which would be exempt from taxation under the provisions*  
27 *of this section if purchased directly by TLC charities. Nothing in*  
28 *this subsection shall be deemed to exempt the purchase of any con-*  
29 *struction machinery, equipment or tools used in the constructing,*  
30 *maintaining, repairing, enlarging, furnishing or remodeling such*  
31 *facilities for TLC charities. When TLC charities contracts for the*  
32 *purpose of constructing, maintaining, repairing, enlarging, furnish-*  
33 *ing or remodeling such facilities, it shall obtain from the state and*  
34 *furnish to the contractor an exemption certificate for the project*  
35 *involved, and the contractor may purchase materials for incorpo-*  
36 *ration in such project. The contractor shall furnish the number of*  
37 *such certificate to all suppliers from whom such purchases are*  
38 *made, and such suppliers shall execute invoices covering the same*  
39 *bearing the number of such certificate. Upon completion of the pro-*  
40 *ject the contractor shall furnish to TLC charities a sworn statement,*  
41 *on a form to be provided by the director of taxation, that all pur-*  
42 *chases so made were entitled to exemption under this subsection.*  
43 *All invoices shall be held by the contractor for a period of five years*

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

21 *[(zzz) all sales of tangible personal property purchased by the*  
 22 *rotary club of shawnee foundation which is exempt from federal*  
 23 *income taxation pursuant to section 501 (c)(3) of the federal inter-*  
 24 *nal revenue code of 1986, as amended, used for the purpose of pro-*  
 25 *viding contributions to community service organizations and schol-*  
 26 *arships; and*

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

34 *Sec. ~~5~~ 6. [6.] K.S.A. 2007 Supp. 79-201a is, ~~79-201z~~ and [,] ~~79-213~~*  
 35 *[and ~~79-3606~~] are hereby repealed.*

36 *Sec. ~~6~~ 7. [7.] This act shall take effect and be in force from and*  
 37 *after its publication in the statute book.*