

As Amended by Senate Committee

Session of 2008

SENATE BILL No. 592

By Committee on Assessment and Taxation

2-11

10 AN ACT concerning sales taxation; relating to exemptions; ~~the mirror,~~
11 ~~in~~; amending K.S.A. 2007 Supp. 79-3606 and repealing the existing
12 section.
13

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

15 Section 1. K.S.A. 2007 Supp. 79-3606 is hereby amended to read as
16 follows: 79-3606. The following shall be exempt from the tax imposed by
17 this act:

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

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

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

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

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

40 (e) all sales of tangible personal property or services purchased by a
41 contractor for the erection, repair or enlargement of buildings or other
42 projects for the government of the United States, its agencies or instru-
43 mentalities, which would be exempt from taxation if purchased directly

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

28 (f) tangible personal property purchased by a railroad or public utility
29 for consumption or movement directly and immediately in interstate
30 commerce;

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

40 (h) all rentals of nonsectarian textbooks by public or private elemen-
41 tary or secondary schools;

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

- 1 (j) meals served without charge or food used in the preparation of
2 such meals to employees of any restaurant, eating house, dining car, hotel,
3 drugstore or other place where meals or drinks are regularly sold to the
4 public if such employees' duties are related to the furnishing or sale of
5 such meals or drinks;
- 6 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
7 defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and
8 delivered in this state to a bona fide resident of another state, which motor
9 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
10 in this state and which vehicle, semitrailer, pole trailer or aircraft will not
11 remain in this state more than 10 days;
- 12 (l) all isolated or occasional sales of tangible personal property, serv-
13 ices, substances or things, except isolated or occasional sale of motor
14 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.
15 79-3603 and amendments thereto;
- 16 (m) all sales of tangible personal property which become an ingre-
17 dient or component part of tangible personal property or services pro-
18 duced, manufactured or compounded for ultimate sale at retail within or
19 without the state of Kansas; and any such producer, manufacturer or
20 compounder may obtain from the director of taxation and furnish to the
21 supplier an exemption certificate number for tangible personal property
22 for use as an ingredient or component part of the property or services
23 produced, manufactured or compounded;
- 24 (n) all sales of tangible personal property which is consumed in the
25 production, manufacture, processing, mining, drilling, refining or com-
26 pounding of tangible personal property, the treating of by-products or
27 wastes derived from any such production process, the providing of serv-
28 ices or the irrigation of crops for ultimate sale at retail within or without
29 the state of Kansas; and any purchaser of such property may obtain from
30 the director of taxation and furnish to the supplier an exemption certifi-
31 cate number for tangible personal property for consumption in such pro-
32 duction, manufacture, processing, mining, drilling, refining, compound-
33 ing, treating, irrigation and in providing such services;
- 34 (o) all sales of animals, fowl and aquatic plants and animals, the pri-
35 mary purpose of which is use in agriculture or aquaculture, as defined in
36 K.S.A. 47-1901, and amendments thereto, the production of food for
37 human consumption, the production of animal, dairy, poultry or aquatic
38 plant and animal products, fiber or fur, or the production of offspring for
39 use for any such purpose or purposes;
- 40 (p) all sales of drugs dispensed pursuant to a prescription order by a
41 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
42 1626, and amendments thereto. As used in this subsection, "drug" means
43 a compound, substance or preparation and any component of a com-

1 pound, substance or preparation, other than food and food ingredients,
2 dietary supplements or alcoholic beverages, recognized in the official
3 United States pharmacopoeia, official homeopathic pharmacopoeia of the
4 United States or official national formulary, and supplement to any of
5 them, intended for use in the diagnosis, cure, mitigation, treatment or
6 prevention of disease or intended to affect the structure or any function
7 of the body;

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

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

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

41 (t) all sales of farm machinery and equipment or aquaculture ma-
42 chinery and equipment, repair and replacement parts therefor and serv-
43 ices performed in the repair and maintenance of such machinery and

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

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

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

40 (w) all sales of natural gas, electricity, heat and water delivered
41 through mains, lines or pipes: (1) To residential premises for noncom-
42 mercial use by the occupant of such premises; (2) for agricultural use and
43 also, for such use, all sales of propane gas; (3) for use in the severing of

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

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

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

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

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

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

29 (cc) all sales of tangible personal property or services purchased for
30 the purpose of and in conjunction with constructing, reconstructing, en-
31 larging or remodeling a business or retail business which meets the
32 requirements established in K.S.A. 74-50,115 and amendments thereto,
33 and the sale and installation of machinery and equipment purchased for
34 installation at any such business or retail business. When a person shall
35 contract for the construction, reconstruction, enlargement or remodeling
36 of any such business or retail business, such person shall obtain from the
37 state and furnish to the contractor an exemption certificate for the project
38 involved, and the contractor may purchase materials, machinery and
39 equipment for incorporation in such project. The contractor shall furnish
40 the number of such certificates to all suppliers from whom such purchases
41 are made, and such suppliers shall execute invoices covering the same
42 bearing the number of such certificate. Upon completion of the project
43 the contractor shall furnish to the owner of the business or retail business

1 a sworn statement, on a form to be provided by the director of taxation,
2 that all purchases so made were entitled to exemption under this subsec-
3 tion. All invoices shall be held by the contractor for a period of five years
4 and shall be subject to audit by the director of taxation. Any contractor
5 or any agent, employee or subcontractor thereof, who shall use or oth-
6 erwise dispose of any materials, machinery or equipment purchased un-
7 der such a certificate for any purpose other than that for which such a
8 certificate is issued without the payment of the sales or compensating tax
9 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon
10 conviction therefor, shall be subject to the penalties provided for in sub-
11 section (g) of K.S.A. 79-3615 and amendments thereto. As used in this
12 subsection, “business” and “retail business” have the meanings respec-
13 tively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;

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

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

18 (ff) on and after July 1, 1988, all sales of new mobile homes or man-
19 ufactured homes to the extent of 40% of the gross receipts, determined
20 without regard to any trade-in allowance, received from such sale. As used
21 in this subsection, “mobile homes” and “manufactured homes” shall have
22 the meanings ascribed thereto by K.S.A. 58-4202 and amendments
23 thereto;

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

27 (hh) all sales of medical supplies and equipment, including durable
28 medical equipment, purchased directly by a nonprofit skilled nursing
29 home or nonprofit intermediate nursing care home, as defined by K.S.A.
30 39-923, and amendments thereto, for the purpose of providing medical
31 services to residents thereof. This exemption shall not apply to tangible
32 personal property customarily used for human habitation purposes. As
33 used in this subsection, “durable medical equipment” means equipment
34 including repair and replacement parts for such equipment, which can
35 withstand repeated use, is primarily and customarily used to serve a med-
36 ical purpose, generally is not useful to a person in the absence of illness
37 or injury and is not worn in or on the body, but does not include mobility
38 enhancing equipment as defined in subsection (r), oxygen delivery equip-
39 ment, kidney dialysis equipment or enteral feeding systems;

40 (ii) all sales of tangible personal property purchased directly by a non-
41 profit organization for nonsectarian comprehensive multidiscipline youth
42 development programs and activities provided or sponsored by such or-
43 ganization, and all sales of tangible personal property by or on behalf of

1 any such organization. This exemption shall not apply to tangible personal
2 property customarily used for human habitation purposes;

3 (jj) all sales of tangible personal property or services, including the
4 renting and leasing of tangible personal property, purchased directly on
5 behalf of a community-based mental retardation facility or mental health
6 center organized pursuant to K.S.A. 19-4001 et seq., and amendments
7 thereto, and licensed in accordance with the provisions of K.S.A. 75-
8 3307b and amendments thereto and all sales of tangible personal property
9 or services purchased by contractors during the time period from July,
10 2003, through June, 2006, for the purpose of constructing, equipping,
11 maintaining or furnishing a new facility for a community-based mental
12 retardation facility or mental health center located in Riverton, Cherokee
13 County, Kansas, which would have been eligible for sales tax exemption
14 pursuant to this subsection if purchased directly by such facility or center.
15 This exemption shall not apply to tangible personal property customarily
16 used for human habitation purposes;

17 (kk) (1) (A) all sales of machinery and equipment which are used in
18 this state as an integral or essential part of an integrated production op-
19 eration by a manufacturing or processing plant or facility;

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

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

24 (2) For purposes of this subsection:

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

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

38 (C) “manufacturing or processing plant or facility” means a single,
39 fixed location owned or controlled by a manufacturing or processing busi-
40 ness that consists of one or more structures or buildings in a contiguous
41 area where integrated production operations are conducted to manufac-
42 ture or process tangible personal property to be ultimately sold at retail.
43 Such term shall not include any facility primarily operated for the purpose

1 of conveying or assisting in the conveyance of natural gas, electricity, oil
2 or water. A business may operate one or more manufacturing or proc-
3 essing plants or facilities at different locations to manufacture or process
4 a single product of tangible personal property to be ultimately sold at
5 retail;

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

39 (E) “repair and replacement parts and accessories” means all parts
40 and accessories for exempt machinery and equipment, including, but not
41 limited to, dies, jigs, molds, patterns and safety devices that are attached
42 to exempt machinery or that are otherwise used in production, and parts
43 and accessories that require periodic replacement such as belts, drill bits,

- 1 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
2 other refractory items for exempt kiln equipment used in production
3 operations;
- 4 (F) “primary” or “primarily” mean more than 50% of the time.
- 5 (3) For purposes of this subsection, machinery and equipment shall
6 be deemed to be used as an integral or essential part of an integrated
7 production operation when used:
- 8 (A) To receive, transport, convey, handle, treat or store raw materials
9 in preparation of its placement on the production line;
- 10 (B) to transport, convey, handle or store the property undergoing
11 manufacturing or processing at any point from the beginning of the pro-
12 duction line through any warehousing or distribution operation of the
13 final product that occurs at the plant or facility;
- 14 (C) to act upon, effect, promote or otherwise facilitate a physical
15 change to the property undergoing manufacturing or processing;
- 16 (D) to guide, control or direct the movement of property undergoing
17 manufacturing or processing;
- 18 (E) to test or measure raw materials, the property undergoing man-
19 ufacturing or processing or the finished product, as a necessary part of
20 the manufacturer’s integrated production operations;
- 21 (F) to plan, manage, control or record the receipt and flow of inven-
22 tories of raw materials, consumables and component parts, the flow of
23 the property undergoing manufacturing or processing and the manage-
24 ment of inventories of the finished product;
- 25 (G) to produce energy for, lubricate, control the operating of or oth-
26 erwise enable the functioning of other production machinery and equip-
27 ment and the continuation of production operations;
- 28 (H) to package the property being manufactured or processed in a
29 container or wrapping in which such property is normally sold or
30 transported;
- 31 (I) to transmit or transport electricity, coke, gas, water, steam or sim-
32 ilar substances used in production operations from the point of genera-
33 tion, if produced by the manufacturer or processor at the plant site, to
34 that manufacturer’s production operation; or, if purchased or delivered
35 from offsite, from the point where the substance enters the site of the
36 plant or facility to that manufacturer’s production operations;
- 37 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
38 oil, solvents or other substances that are used in production operations;
- 39 (K) to provide and control an environment required to maintain cer-
40 tain levels of air quality, humidity or temperature in special and limited
41 areas of the plant or facility, where such regulation of temperature or
42 humidity is part of and essential to the production process;
- 43 (L) to treat, transport or store waste or other byproducts of produc-

- 1 tion operations at the plant or facility; or
2 (M) to control pollution at the plant or facility where the pollution is
3 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 ma-
6 chinery and equipment used as an integral or essential part of an inte-
7 grated production operation: (A) Computers and related peripheral
8 equipment that are utilized by a manufacturing or processing business
9 for engineering of the finished product or for research and development
10 or product design; (B) machinery and equipment that is utilized by a
11 manufacturing or processing business to manufacture or rebuild tangible
12 personal property that is used in manufacturing or processing operations,
13 including tools, dies, molds, forms and other parts of qualifying machinery
14 and equipment; (C) portable plants for aggregate concrete, bulk cement
15 and asphalt including cement mixing drums to be attached to a motor
16 vehicle; (D) industrial fixtures, devices, support facilities and special foun-
17 dations necessary for manufacturing and production operations, and ma-
18 terials and other tangible personal property sold for the purpose of fab-
19 ricating such fixtures, devices, facilities and foundations. An exemption
20 certificate for such purchases shall be signed by the manufacturer or
21 processor. If the fabricator purchases such material, the fabricator shall
22 also sign the exemption certificate; and (E) a manufacturing or processing
23 business' laboratory equipment that is not located at the plant or facility,
24 but that would otherwise qualify for exemption under subsection (3)(E).
- 25 (5) "Machinery and equipment used as an integral or essential part
26 of an integrated production operation" shall not include:
- 27 (A) Machinery and equipment used for nonproduction purposes, in-
28 cluding, but not limited to, machinery and equipment used for plant se-
29 curity, fire prevention, first aid, accounting, administration, record keep-
30 ing, advertising, marketing, sales or other related activities, plant cleaning,
31 plant communications, and employee work scheduling;
- 32 (B) machinery, equipment and tools used primarily in maintaining
33 and repairing any type of machinery and equipment or the building and
34 plant;
- 35 (C) transportation, transmission and distribution equipment not pri-
36 marily used in a production, warehousing or material handling operation
37 at the plant or facility, including the means of conveyance of natural gas,
38 electricity, oil or water, and equipment related thereto, located outside
39 the plant or facility;
- 40 (D) office machines and equipment including computers and related
41 peripheral equipment not used directly and primarily to control or mea-
42 sure the manufacturing process;
- 43 (E) furniture and other furnishings;

- 1 (F) buildings, other than exempt machinery and equipment that is
2 permanently affixed to or becomes a physical part of the building, and
3 any other part of real estate that is not otherwise exempt;
- 4 (G) building fixtures that are not integral to the manufacturing op-
5 eration, such as utility systems for heating, ventilation, air conditioning,
6 communications, plumbing or electrical;
- 7 (H) machinery and equipment used for general plant heating, cooling
8 and lighting;
- 9 (I) motor vehicles that are registered for operation on public high-
10 ways; or
- 11 (J) employee apparel, except safety and protective apparel that is pur-
12 chased by an employer and furnished gratuitously to employees who are
13 involved in production or research activities.
- 14 (6) Subsections (3) and (5) shall not be construed as exclusive listings
15 of the machinery and equipment that qualify or do not qualify as an
16 integral or essential part of an integrated production operation. When
17 machinery or equipment is used as an integral or essential part of pro-
18 duction operations part of the time and for nonproduction purpose at
19 other times, the primary use of the machinery or equipment shall deter-
20 mine whether or not such machinery or equipment qualifies for
21 exemption.
- 22 (7) The secretary of revenue shall adopt rules and regulations nec-
23 essary to administer the provisions of this subsection;
- 24 (ll) all sales of educational materials purchased for distribution to the
25 public at no charge by a nonprofit corporation organized for the purpose
26 of encouraging, fostering and conducting programs for the improvement
27 of public health;
- 28 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
29 herbicides, germicides, pesticides and fungicides; and services, purchased
30 and used for the purpose of producing plants in order to prevent soil
31 erosion on land devoted to agricultural use;
- 32 (nn) except as otherwise provided in this act, all sales of services ren-
33 dered by an advertising agency or licensed broadcast station or any mem-
34 ber, agent or employee thereof;
- 35 (oo) all sales of tangible personal property purchased by a community
36 action group or agency for the exclusive purpose of repairing or weath-
37 erizing housing occupied by low income individuals;
- 38 (pp) all sales of drill bits and explosives actually utilized in the explo-
39 ration and production of oil or gas;
- 40 (qq) all sales of tangible personal property and services purchased by
41 a nonprofit museum or historical society or any combination thereof, in-
42 cluding a nonprofit organization which is organized for the purpose of
43 stimulating public interest in the exploration of space by providing edu-

- 1 cational information, exhibits and experiences, which is exempt from fed-
2 eral income taxation pursuant to section 501(c)(3) of the federal internal
3 revenue code of 1986;
- 4 (rr) all sales of tangible personal property which will admit the pur-
5 chaser thereof to any annual event sponsored by a nonprofit organization
6 which is exempt from federal income taxation pursuant to section
7 501(c)(3) of the federal internal revenue code of 1986;
- 8 (ss) all sales of tangible personal property and services purchased by
9 a public broadcasting station licensed by the federal communications
10 commission as a noncommercial educational television or radio station;
- 11 (tt) all sales of tangible personal property and services purchased by
12 or on behalf of a not-for-profit corporation which is exempt from federal
13 income taxation pursuant to section 501(c)(3) of the federal internal rev-
14 enue code of 1986, for the sole purpose of constructing a Kansas Korean
15 War memorial;
- 16 (uu) all sales of tangible personal property and services purchased by
17 or on behalf of any rural volunteer fire-fighting organization for use ex-
18 clusively in the performance of its duties and functions;
- 19 (vv) all sales of tangible personal property purchased by any of the
20 following organizations which are exempt from federal income taxation
21 pursuant to section 501 (c)(3) of the federal internal revenue code of
22 1986, for the following purposes, and all sales of any such property by or
23 on behalf of any such organization for any such purpose:
- 24 (1) The American Heart Association, Kansas Affiliate, Inc. for the
25 purposes of providing education, training, certification in emergency car-
26 diac care, research and other related services to reduce disability and
27 death from cardiovascular diseases and stroke;
- 28 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
29 advocacy for persons with mental illness and to education, research and
30 support for their families;
- 31 (3) the Kansas Mental Illness Awareness Council for the purposes of
32 advocacy for persons who are mentally ill and to education, research and
33 support for them and their families;
- 34 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
35 purpose of eliminating diabetes through medical research, public edu-
36 cation focusing on disease prevention and education, patient education
37 including information on coping with diabetes, and professional education
38 and training;
- 39 (5) the American Lung Association of Kansas, Inc. for the purpose of
40 eliminating all lung diseases through medical research, public education
41 including information on coping with lung diseases, professional educa-
42 tion and training related to lung disease and other related services to
43 reduce the incidence of disability and death due to lung disease;

- 1 (6) the Kansas chapters of the Alzheimer’s Disease and Related Dis-
2 orders Association, Inc. for the purpose of providing assistance and sup-
3 port to persons in Kansas with Alzheimer’s disease, and their families and
4 caregivers;
- 5 (7) the Kansas chapters of the Parkinson’s disease association for the
6 purpose of eliminating Parkinson’s disease through medical research and
7 public and professional education related to such disease;
- 8 (8) the National Kidney Foundation of Kansas and Western Missouri
9 for the purpose of eliminating kidney disease through medical research
10 and public and private education related to such disease;
- 11 (9) the heartstrings community foundation for the purpose of provid-
12 ing training, employment and activities for adults with developmental
13 disabilities;
- 14 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
15 the purposes of assuring the development of the means to cure and con-
16 trol cystic fibrosis and improving the quality of life for those with the
17 disease;
- 18 (11) the spina bifida association of Kansas for the purpose of provid-
19 ing financial, educational and practical aid to families and individuals with
20 spina bifida. Such aid includes, but is not limited to, funding for medical
21 devices, counseling and medical educational opportunities;
- 22 (12) the CHWC, Inc., for the purpose of rebuilding urban core neigh-
23 borhoods through the construction of new homes, acquiring and reno-
24 vating existing homes and other related activities, and promoting eco-
25 nomic development in such neighborhoods;
- 26 (13) the cross-lines cooperative council for the purpose of providing
27 social services to low income individuals and families;
- 28 (14) the Dreams Work, Inc., for the purpose of providing young adult
29 day services to individuals with developmental disabilities and assisting
30 families in avoiding institutional or nursing home care for a developmen-
31 tally disabled member of their family;
- 32 (15) the KSDS, Inc., for the purpose of promoting the independence
33 and inclusion of people with disabilities as fully participating and contrib-
34 uting members of their communities and society through the training and
35 providing of guide and service dogs to people with disabilities, and provid-
36 ing disability education and awareness to the general public;
- 37 (16) the lyme association of greater Kansas City, Inc., for the purpose
38 of providing support to persons with lyme disease and public education
39 relating to the prevention, treatment and cure of lyme disease;
- 40 (17) the Dream Factory, Inc., for the purpose of granting the dreams
41 of children with critical and chronic illnesses;
- 42 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
43 students and families with education and resources necessary to enable

1 each child to develop fine character and musical ability to the fullest
2 potential;

3 (19) the International Association of Lions Clubs for the purpose of
4 creating and fostering a spirit of understanding among all people for hu-
5 manitarian needs by providing voluntary services through community in-
6 volvement and international cooperation;

7 (20) the Johnson county young matrons, inc., for the purpose of pro-
8 moting a positive future for members of the community through volun-
9 teerism, financial support and education through the efforts of an all
10 volunteer organization;

11 (21) the American Cancer Society, Inc., for the purpose of eliminat-
12 ing cancer as a major health problem by preventing cancer, saving lives
13 and diminishing suffering from cancer, through research, education, ad-
14 vocacy and service; **and**

15 ~~(22) the community services of Shawnee, inc., for the purpose of~~
16 ~~providing food and clothing to those in need, and~~

17 ~~(23)~~ (22) the angel babies association, for the purpose of providing
18 assistance, support and items of necessity to teenage mothers and their
19 babies;

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

23 (xx) all sales of tangible personal property and services purchased by
24 a nonprofit zoo which is exempt from federal income taxation pursuant
25 to section 501(c)(3) of the federal internal revenue code of 1986, or on
26 behalf of such zoo by an entity itself exempt from federal income taxation
27 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
28 contracted with to operate such zoo and all sales of tangible personal
29 property or services purchased by a contractor for the purpose of con-
30 structing, equipping, reconstructing, maintaining, repairing, enlarging,
31 furnishing or remodeling facilities for any nonprofit zoo which would be
32 exempt from taxation under the provisions of this section if purchased
33 directly by such nonprofit zoo or the entity operating such zoo. Nothing
34 in this subsection shall be deemed to exempt the purchase of any con-
35 struction machinery, equipment or tools used in the constructing, equip-
36 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-
37 modeling facilities for any nonprofit zoo. When any nonprofit zoo shall
38 contract for the purpose of constructing, equipping, reconstructing, main-
39 taining, repairing, enlarging, furnishing or remodeling facilities, it shall
40 obtain from the state and furnish to the contractor an exemption certifi-
41 cate for the project involved, and the contractor may purchase materials
42 for incorporation in such project. The contractor shall furnish the number
43 of such certificate to all suppliers from whom such purchases are made,

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

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

28 (zz) all sales of machinery and equipment purchased by over-the-air,
29 free access radio or television station which is used directly and primarily
30 for the purpose of producing a broadcast signal or is such that the failure
31 of the machinery or equipment to operate would cause broadcasting to
32 cease. For purposes of this subsection, machinery and equipment shall
33 include, but not be limited to, that required by rules and regulations of
34 the federal communications commission, and all sales of electricity which
35 are essential or necessary for the purpose of producing a broadcast signal
36 or is such that the failure of the electricity would cause broadcasting to
37 cease;

38 (aaa) all sales of tangible personal property and services purchased
39 by a religious organization which is exempt from federal income taxation
40 pursuant to section 501(c)(3) of the federal internal revenue code, and
41 used exclusively for religious purposes, and all sales of tangible personal
42 property or services purchased by a contractor for the purpose of con-
43 structing, equipping, reconstructing, maintaining, repairing, enlarging,

1 furnishing or remodeling facilities for any such organization which would
2 be exempt from taxation under the provisions of this section if purchased
3 directly by such organization. Nothing in this subsection shall be deemed
4 to exempt the purchase of any construction machinery, equipment or
5 tools used in the constructing, equipping, reconstructing, maintaining,
6 repairing, enlarging, furnishing or remodeling facilities for any such or-
7 ganization. When any such organization shall contract for the purpose of
8 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
9 ing, furnishing or remodeling facilities, it shall obtain from the state and
10 furnish to the contractor an exemption certificate for the project involved,
11 and the contractor may purchase materials for incorporation in such pro-
12 ject. The contractor shall furnish the number of such certificate to all
13 suppliers from whom such purchases are made, and such suppliers shall
14 execute invoices covering the same bearing the number of such certifi-
15 cate. Upon completion of the project the contractor shall furnish to such
16 organization concerned a sworn statement, on a form to be provided by
17 the director of taxation, that all purchases so made were entitled to ex-
18 emption under this subsection. All invoices shall be held by the contractor
19 for a period of five years and shall be subject to audit by the director of
20 taxation. If any materials purchased under such a certificate are found
21 not to have been incorporated in the building or other project or not to
22 have been returned for credit or the sales or compensating tax otherwise
23 imposed upon such materials which will not be so incorporated in the
24 building or other project reported and paid by such contractor to the
25 director of taxation not later than the 20th day of the month following
26 the close of the month in which it shall be determined that such materials
27 will not be used for the purpose for which such certificate was issued,
28 such organization concerned shall be liable for tax on all materials pur-
29 chased for the project, and upon payment thereof it may recover the same
30 from the contractor together with reasonable attorney fees. Any contrac-
31 tor or any agent, employee or subcontractor thereof, who shall use or
32 otherwise dispose of any materials purchased under such a certificate for
33 any purpose other than that for which such a certificate is issued without
34 the payment of the sales or compensating tax otherwise imposed upon
35 such materials, shall be guilty of a misdemeanor and, upon conviction
36 therefor, shall be subject to the penalties provided for in subsection (g)
37 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after
38 July 1, 1998, but prior to the effective date of this act upon the gross
39 receipts received from any sale exempted by the amendatory provisions
40 of this subsection shall be refunded. Each claim for a sales tax refund
41 shall be verified and submitted to the director of taxation upon forms
42 furnished by the director and shall be accompanied by any additional
43 documentation required by the director. The director shall review each

1 claim and shall refund that amount of sales tax paid as determined under
2 the provisions of this subsection. All refunds shall be paid from the sales
3 tax refund fund upon warrants of the director of accounts and reports
4 pursuant to vouchers approved by the director or the director's designee;
5 (bbb) all sales of food for human consumption by an organization
6 which is exempt from federal income taxation pursuant to section 501
7 (c)(3) of the federal internal revenue code of 1986, pursuant to a food
8 distribution program which offers such food at a price below cost in
9 exchange for the performance of community service by the purchaser
10 thereof;

11 (ccc) on and after July 1, 1999, all sales of tangible personal property
12 and services purchased by a primary care clinic or health center the pri-
13 mary purpose of which is to provide services to medically underserved
14 individuals and families, and which is exempt from federal income taxa-
15 tion pursuant to section 501 (c)(3) of the federal internal revenue code,
16 and all sales of tangible personal property or services purchased by a
17 contractor for the purpose of constructing, equipping, reconstructing,
18 maintaining, repairing, enlarging, furnishing or remodeling facilities for
19 any such clinic or center which would be exempt from taxation under the
20 provisions of this section if purchased directly by such clinic or center.
21 Nothing in this subsection shall be deemed to exempt the purchase of
22 any construction machinery, equipment or tools used in the constructing,
23 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
24 or remodeling facilities for any such clinic or center. When any such clinic
25 or center shall contract for the purpose of constructing, equipping, re-
26 constructing, maintaining, repairing, enlarging, furnishing or remodeling
27 facilities, it shall obtain from the state and furnish to the contractor an
28 exemption certificate for the project involved, and the contractor may
29 purchase materials for incorporation in such project. The contractor shall
30 furnish the number of such certificate to all suppliers from whom such
31 purchases are made, and such suppliers shall execute invoices covering
32 the same bearing the number of such certificate. Upon completion of the
33 project the contractor shall furnish to such clinic or center concerned a
34 sworn statement, on a form to be provided by the director of taxation,
35 that all purchases so made were entitled to exemption under this subsec-
36 tion. All invoices shall be held by the contractor for a period of five years
37 and shall be subject to audit by the director of taxation. If any materials
38 purchased under such a certificate are found not to have been incorpo-
39 rated in the building or other project or not to have been returned for
40 credit or the sales or compensating tax otherwise imposed upon such
41 materials which will not be so incorporated in the building or other pro-
42 ject reported and paid by such contractor to the director of taxation not
43 later than the 20th day of the month following the close of the month in

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

13 (ddd) on and after January 1, 1999, and before January 1, 2000, all
14 sales of materials and services purchased by any class II or III railroad as
15 classified by the federal surface transportation board for the construction,
16 renovation, repair or replacement of class II or III railroad track and
17 facilities used directly in interstate commerce. In the event any such track
18 or facility for which materials and services were purchased sales tax ex-
19 empt is not operational for five years succeeding the allowance of such
20 exemption, the total amount of sales tax which would have been payable
21 except for the operation of this subsection shall be recouped in accord-
22 ance with rules and regulations adopted for such purpose by the secretary
23 of revenue;

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

28 (fff) all sales of material handling equipment, racking systems and
29 other related machinery and equipment that is used for the handling,
30 movement or storage of tangible personal property in a warehouse or
31 distribution facility in this state; all sales of installation, repair and main-
32 tenance services performed on such machinery and equipment; and all
33 sales of repair and replacement parts for such machinery and equipment.
34 For purposes of this subsection, a warehouse or distribution facility means
35 a single, fixed location that consists of buildings or structures in a contig-
36 uous area where storage or distribution operations are conducted that are
37 separate and apart from the business' retail operations, if any, and which
38 do not otherwise qualify for exemption as occurring at a manufacturing
39 or processing plant or facility. Material handling and storage equipment
40 shall include aeration, dust control, cleaning, handling and other such
41 equipment that is used in a public grain warehouse or other commercial
42 grain storage facility, whether used for grain handling, grain storage, grain
43 refining or processing, or other grain treatment operation;

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

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

9 (iii) all sales of personal property and services purchased by an or-
10 ganization which is exempt from federal income taxation pursuant to sec-
11 tion 501(c)(3) of the federal internal revenue code of 1986, and which
12 such personal property and services are used by any such organization in
13 the collection, storage and distribution of food products to nonprofit or-
14 ganizations which distribute such food products to persons pursuant to a
15 food distribution program on a charitable basis without fee or charge, and
16 all sales of tangible personal property or services purchased by a contrac-
17 tor for the purpose of constructing, equipping, reconstructing, maintain-
18 ing, repairing, enlarging, furnishing or remodeling facilities used for the
19 collection and storage of such food products for any such organization
20 which is exempt from federal income taxation pursuant to section
21 501(c)(3) of the federal internal revenue code of 1986, which would be
22 exempt from taxation under the provisions of this section if purchased
23 directly by such organization. Nothing in this subsection shall be deemed
24 to exempt the purchase of any construction machinery, equipment or
25 tools used in the constructing, equipping, reconstructing, maintaining,
26 repairing, enlarging, furnishing or remodeling facilities for any such or-
27 ganization. When any such organization shall contract for the purpose of
28 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
29 ing, furnishing or remodeling facilities, it shall obtain from the state and
30 furnish to the contractor an exemption certificate for the project involved,
31 and the contractor may purchase materials for incorporation in such proj-
32 ect. The contractor shall furnish the number of such certificate to all
33 suppliers from whom such purchases are made, and such suppliers shall
34 execute invoices covering the same bearing the number of such certifi-
35 cate. Upon completion of the project the contractor shall furnish to such
36 organization concerned a sworn statement, on a form to be provided by
37 the director of taxation, that all purchases so made were entitled to ex-
38 emption under this subsection. All invoices shall be held by the contractor
39 for a period of five years and shall be subject to audit by the director of
40 taxation. If any materials purchased under such a certificate are found
41 not to have been incorporated in such facilities or not to have been re-
42 turned for credit or the sales or compensating tax otherwise imposed upon
43 such materials which will not be so incorporated in such facilities reported

1 and paid by such contractor to the director of taxation not later than the
2 20th day of the month following the close of the month in which it shall
3 be determined that such materials will not be used for the purpose for
4 which such certificate was issued, such organization concerned shall be
5 liable for tax on all materials purchased for the project, and upon payment
6 thereof it may recover the same from the contractor together with rea-
7 sonable attorney fees. Any contractor or any agent, employee or subcon-
8 tractor thereof, who shall use or otherwise dispose of any materials pur-
9 chased under such a certificate for any purpose other than that for which
10 such a certificate is issued without the payment of the sales or compen-
11 sating tax otherwise imposed upon such materials, shall be guilty of a
12 misdemeanor and, upon conviction therefor, shall be subject to the pen-
13 alties provided for in subsection (g) of K.S.A. 79-3615, and amendments
14 thereto. Sales tax paid on and after July 1, 2005, but prior to the effective
15 date of this act upon the gross receipts received from any sale exempted
16 by the amendatory provisions of this subsection shall be refunded. Each
17 claim for a sales tax refund shall be verified and submitted to the director
18 of taxation upon forms furnished by the director and shall be accompanied
19 by any additional documentation required by the director. The director
20 shall review each claim and shall refund that amount of sales tax paid as
21 determined under the provisions of this subsection. All refunds shall be
22 paid from the sales tax refund fund upon warrants of the director of
23 accounts and reports pursuant to vouchers approved by the director or
24 the director's designee;

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

40 (lll) all sales of tangible personal property and services purchased by
41 special olympics Kansas, inc. for the purpose of providing year-round
42 sports training and athletic competition in a variety of olympic-type sports
43 for individuals with intellectual disabilities by giving them continuing op-

1 portunities to develop physical fitness, demonstrate courage, experience
2 joy and participate in a sharing of gifts, skills and friendship with their
3 families, other special olympics athletes and the community, and activities
4 provided or sponsored by such organization, and all sales of tangible per-
5 sonal property by or on behalf of any such organization;

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

12 (nnn) all sales of tangible personal property and services purchased
13 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Char-
14 itable Fund for the purpose of constructing a boundless playground which
15 is an integrated, barrier free and developmentally advantageous play en-
16 vironment for children of all abilities and disabilities;

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

21 (ppp) all sales of tangible personal property and services purchased
22 by or on behalf of a homeless shelter which is exempt from federal income
23 taxation pursuant to section 501(c)(3) of the federal income tax code of
24 1986, and used by any such homeless shelter to provide emergency and
25 transitional housing for individuals and families experiencing homeles-
26 ness, and all sales of any such property by or on behalf of any such home-
27 less shelter for any such purpose;

28 (qqq) all sales of tangible personal property and services purchased
29 by TLC for children and families, inc., hereinafter referred to as TLC,
30 which is exempt from federal income taxation pursuant to section
31 501(c)(3) of the federal internal revenue code of 1986, and which such
32 property and services are used for the purpose of providing emergency
33 shelter and treatment for abused and neglected children as well as meet-
34 ing additional critical needs for children, juveniles and family, and all sales
35 of any such property by or on behalf of TLC for any such purpose; and
36 all sales of tangible personal property or services purchased by a contrac-
37 tor for the purpose of constructing, maintaining, repairing, enlarging, fur-
38 nishing or remodeling facilities for the operation of services for TLC for
39 any such purpose which would be exempt from taxation under the pro-
40 visions of this section if purchased directly by TLC. Nothing in this sub-
41 section shall be deemed to exempt the purchase of any construction ma-
42 chinery, equipment or tools used in the constructing, maintaining,
43 repairing, enlarging, furnishing or remodeling such facilities for TLC.

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

31 (rrr) all sales of tangible personal property and services purchased by
32 any county law library maintained pursuant to law and sales of tangible
33 personal property and services purchased by an organization which would
34 have been exempt from taxation under the provisions of this subsection
35 if purchased directly by the county law library for the purpose of providing
36 legal resources to attorneys, judges, students and the general public, and
37 all sales of any such property by or on behalf of any such county law
38 library;

39 (sss) all sales of tangible personal property and services purchased by
40 catholic charities or youthville, hereinafter referred to as charitable family
41 providers, which is exempt from federal income taxation pursuant to sec-
42 tion 501(c)(3) of the federal internal revenue code of 1986, and which
43 such property and services are used for the purpose of providing emer-

1 agency shelter and treatment for abused and neglected children as well as
2 meeting additional critical needs for children, juveniles and family, and
3 all sales of any such property by or on behalf of charitable family providers
4 for any such purpose; and all sales of tangible personal property or serv-
5 ices purchased by a contractor for the purpose of constructing, maintain-
6 ing, repairing, enlarging, furnishing or remodeling facilities for the op-
7 eration of services for charitable family providers for any such purpose
8 which would be exempt from taxation under the provisions of this section
9 if purchased directly by charitable family providers. Nothing in this sub-
10 section shall be deemed to exempt the purchase of any construction ma-
11 chinery, equipment or tools used in the constructing, maintaining, re-
12 pairing, enlarging, furnishing or remodeling such facilities for charitable
13 family providers. When charitable family providers contracts for the pur-
14 pose of constructing, maintaining, repairing, enlarging, furnishing or re-
15 modeling such facilities, it shall obtain from the state and furnish to the
16 contractor an exemption certificate for the project involved, and the con-
17 tractor may purchase materials for incorporation in such project. The
18 contractor shall furnish the number of such certificate to all suppliers
19 from whom such purchases are made, and such suppliers shall execute
20 invoices covering the same bearing the number of such certificate. Upon
21 completion of the project the contractor shall furnish to charitable family
22 providers a sworn statement, on a form to be provided by the director of
23 taxation, that all purchases so made were entitled to exemption under
24 this subsection. All invoices shall be held by the contractor for a period
25 of five years and shall be subject to audit by the director of taxation. If
26 any materials purchased under such a certificate are found not to have
27 been incorporated in the building or other project or not to have been
28 returned for credit or the sales or compensating tax otherwise imposed
29 upon such materials which will not be so incorporated in the building or
30 other project reported and paid by such contractor to the director of
31 taxation not later than the 20th day of the month following the close of
32 the month in which it shall be determined that such materials will not be
33 used for the purpose for which such certificate was issued, charitable
34 family providers shall be liable for tax on all materials purchased for the
35 project, and upon payment thereof it may recover the same from the
36 contractor together with reasonable attorney fees. Any contractor or any
37 agent, employee or subcontractor thereof, who shall use or otherwise
38 dispose of any materials purchased under such a certificate for any pur-
39 pose other than that for which such a certificate is issued without the
40 payment of the sales or compensating tax otherwise imposed upon such
41 materials, shall be guilty of a misdemeanor and, upon conviction therefor,
42 shall be subject to the penalties provided for in subsection (g) of K.S.A.
43 79-3615, and amendments thereto;

1 (ttt) all sales of tangible personal property or services purchased by
2 a contractor for a project for the purpose of restoring, constructing, equip-
3 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-
4 modeling a home or facility owned by a nonprofit museum which has
5 been granted an exemption pursuant to subsection (qq), which such home
6 or facility is located in a city which has been designated as a qualified
7 hometown pursuant to the provisions of K.S.A. 75-5071, et seq., and
8 amendments thereto, and which such project is related to the purposes
9 of K.S.A. 75-5071, et seq., and amendments thereto, and which would
10 be exempt from taxation under the provisions of this section if purchased
11 directly by such nonprofit museum. Nothing in this subsection shall be
12 deemed to exempt the purchase of any construction machinery, equip-
13 ment or tools used in the restoring, constructing, equipping, reconstruct-
14 ing, maintaining, repairing, enlarging, furnishing or remodeling a home
15 or facility for any such nonprofit museum. When any such nonprofit mu-
16 seum shall contract for the purpose of restoring, constructing, equipping,
17 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
18 ing a home or facility, it shall obtain from the state and furnish to the
19 contractor an exemption certificate for the project involved, and the con-
20 tractor may purchase materials for incorporation in such project. The
21 contractor shall furnish the number of such certificates to all suppliers
22 from whom such purchases are made, and such suppliers shall execute
23 invoices covering the same bearing the number of such certificate. Upon
24 completion of the project, the contractor shall furnish to such nonprofit
25 museum a sworn statement on a form to be provided by the director of
26 taxation that all purchases so made were entitled to exemption under this
27 subsection. All invoices shall be held by the contractor for a period of five
28 years and shall be subject to audit by the director of taxation. If any
29 materials purchased under such a certificate are found not to have been
30 incorporated in the building or other project or not to have been returned
31 for credit or the sales or compensating tax otherwise imposed upon such
32 materials which will not be so incorporated in a home or facility or other
33 project reported and paid by such contractor to the director of taxation
34 not later than the 20th day of the month following the close of the month
35 in which it shall be determined that such materials will not be used for
36 the purpose for which such certificate was issued, such nonprofit museum
37 shall be liable for tax on all materials purchased for the project, and upon
38 payment thereof it may recover the same from the contractor together
39 with reasonable attorney fees. Any contractor or any agent, employee or
40 subcontractor thereof, who shall use or otherwise dispose of any materials
41 purchased under such a certificate for any purpose other than that for
42 which such a certificate is issued without the payment of the sales or
43 compensating tax otherwise imposed upon such materials, shall be guilty

1 of a misdemeanor and, upon conviction therefor, shall be subject to the
2 penalties provided for in subsection (g) of K.S.A. 79-3615, and amend-
3 ments thereto;

4 (uuu) all sales of tangible personal property and services purchased
5 by Kansas children's service league, hereinafter referred to as KCSL,
6 which is exempt from federal income taxation pursuant to section
7 501(c)(3) of the federal internal revenue code of 1986, and which such
8 property and services are used for the purpose of providing for the pre-
9 vention and treatment of child abuse and maltreatment as well as meeting
10 additional critical needs for children, juveniles and family, and all sales of
11 any such property by or on behalf of KCSL for any such purpose; and all
12 sales of tangible personal property or services purchased by a contractor
13 for the purpose of constructing, maintaining, repairing, enlarging, fur-
14 nishing or remodeling facilities for the operation of services for KCSL
15 for any such purpose which would be exempt from taxation under the
16 provisions of this section if purchased directly by KCSL. Nothing in this
17 subsection shall be deemed to exempt the purchase of any construction
18 machinery, equipment or tools used in the constructing, maintaining, re-
19 pairing, enlarging, furnishing or remodeling such facilities for KCSL.
20 When KCSL contracts for the purpose of constructing, maintaining, re-
21 pairing, enlarging, furnishing or remodeling such facilities, it shall obtain
22 from the state and furnish to the contractor an exemption certificate for
23 the project involved, and the contractor may purchase materials for in-
24 corporation in such project. The contractor shall furnish the number of
25 such certificate to all suppliers from whom such purchases are made, and
26 such suppliers shall execute invoices covering the same bearing the num-
27 ber of such certificate. Upon completion of the project the contractor
28 shall furnish to KCSL a sworn statement, on a form to be provided by
29 the director of taxation, that all purchases so made were entitled to ex-
30 emption under this subsection. All invoices shall be held by the contractor
31 for a period of five years and shall be subject to audit by the director of
32 taxation. If any materials purchased under such a certificate are found
33 not to have been incorporated in the building or other project or not to
34 have been returned for credit or the sales or compensating tax otherwise
35 imposed upon such materials which will not be so incorporated in the
36 building or other project reported and paid by such contractor to the
37 director of taxation not later than the 20th day of the month following
38 the close of the month in which it shall be determined that such materials
39 will not be used for the purpose for which such certificate was issued,
40 KCSL shall be liable for tax on all materials purchased for the project,
41 and upon payment thereof it may recover the same from the contractor
42 together with reasonable attorney fees. Any contractor or any agent, em-
43 ployee or subcontractor thereof, who shall use or otherwise dispose of

1 any materials purchased under such a certificate for any purpose other
2 than that for which such a certificate is issued without the payment of
3 the sales or compensating tax otherwise imposed upon such materials,
4 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
5 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
6 and amendments thereto;

7 (vvv) all sales of tangible personal property or services, including the
8 renting and leasing of tangible personal property or services, *purchased*
9 by Jazz in the Woods, Inc., a Kansas corporation which is exempt from
10 federal income taxation pursuant to section 501 (c)(3) of the federal in-
11 ternal revenue code, for the purpose of providing Jazz in the Woods, an
12 event benefiting children-in-need and other nonprofit charities assisting
13 such children, and all sales of any such property by or on behalf of such
14 organization for such purpose;

15 (www) all sales of tangible personal property purchased by or on be-
16 half of the Frontenac Education Foundation, which is exempt from fed-
17 eral income taxation pursuant to section 501 (c)(3) of the federal internal
18 revenue code, for the purpose of providing education support for stu-
19 dents, and all sales of any such property by or on behalf of such organi-
20 zation for such purpose;

21 (xxx) all sales of personal property and services purchased by the
22 booth theatre foundation, inc., an organization which is exempt from fed-
23 eral income taxation pursuant to section 501(c)(3) of the federal internal
24 revenue code of 1986, and which such personal property and services are
25 used by any such organization in the constructing, equipping, recon-
26 structing, maintaining, repairing, enlarging, furnishing or remodeling of
27 the booth theatre, and all sales of tangible personal property or services
28 purchased by a contractor for the purpose of constructing, equipping,
29 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
30 ing the booth theatre for such organization, which would be exempt from
31 taxation under the provisions of this section if purchased directly by such
32 organization. Nothing in this subsection shall be deemed to exempt the
33 purchase of any construction machinery, equipment or tools used in the
34 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
35 ing, furnishing or remodeling facilities for any such organization. When
36 any such organization shall contract for the purpose of constructing,
37 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
38 or remodeling facilities, it shall obtain from the state and furnish to the
39 contractor an exemption certificate for the project involved, and the con-
40 tractor may purchase materials for incorporation in such project. The
41 contractor shall furnish the number of such certificate to all suppliers
42 from whom such purchases are made, and such suppliers shall execute
43 invoices covering the same bearing the number of such certificate. Upon

1 completion of the project the contractor shall furnish to such organization
2 concerned a sworn statement, on a form to be provided by the director
3 of taxation, that all purchases so made were entitled to exemption under
4 this subsection. All invoices shall be held by the contractor for a period
5 of five years and shall be subject to audit by the director of taxation. If
6 any materials purchased under such a certificate are found not to have
7 been incorporated in such facilities or not to have been returned for credit
8 or the sales or compensating tax otherwise imposed upon such materials
9 which will not be so incorporated in such facilities reported and paid by
10 such contractor to the director of taxation not later than the 20th day of
11 the month following the close of the month in which it shall be deter-
12 mined that such materials will not be used for the purpose for which such
13 certificate was issued, such organization concerned shall be liable for tax
14 on all materials purchased for the project, and upon payment thereof it
15 may recover the same from the contractor together with reasonable at-
16 torney fees. Any contractor or any agent, employee or subcontractor
17 thereof, who shall use or otherwise dispose of any materials purchased
18 under such a certificate for any purpose other than that for which such a
19 certificate is issued without the payment of the sales or compensating tax
20 otherwise imposed upon such materials, shall be guilty of a misdemeanor
21 and, upon conviction therefor, shall be subject to the penalties provided
22 for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales
23 tax paid on and after January 1, 2007, but prior to the effective date of
24 this act upon the gross receipts received from any sale which would have
25 been exempted by the provisions of this subsection had such sale occurred
26 after the effective date of this act shall be refunded. Each claim for a
27 sales tax refund shall be verified and submitted to the director of taxation
28 upon forms furnished by the director and shall be accompanied by any
29 additional documentation required by the director. The director shall
30 review each claim and shall refund that amount of sales tax paid as de-
31 termined under the provisions of this subsection. All refunds shall be paid
32 from the sales tax refund fund upon warrants of the director of accounts
33 and reports pursuant to vouchers approved by the director or the direc-
34 tor's designee;

35 (yyy) all sales of tangible personal property and services purchased
36 by TLC charities foundation, inc., hereinafter referred to as TLC chari-
37 ties, which is exempt from federal income taxation pursuant to section
38 501(c)(3) of the federal internal revenue code of 1986, and which such
39 property and services are used for the purpose of encouraging private
40 philanthropy to further the vision, values, and goals of TLC for children
41 and families, inc.; and all sales of such property and services by or on
42 behalf of TLC charities for any such purpose and all sales of tangible
43 personal property or services purchased by a contractor for the purpose

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

38 (zzz) all sales of tangible personal property purchased by the rotary
39 club of shawnee foundation which is exempt from federal income taxation
40 pursuant to section 501 (c)(3) of the federal internal revenue code of
41 1986, as amended, used for the purpose of providing contributions to
42 community service organizations and scholarships; ~~and~~

43 (aaaa) all sales of personal property and services purchased by or on

1 behalf of victory in the valley, inc., which is exempt from federal income
2 taxation pursuant to section 501 (c)(3) of the federal internal revenue
3 code, for the purpose of providing a cancer support group and services
4 for persons with cancer, and all sales of any such property by or on behalf
5 of any such organization for any such purpose; ~~and~~

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

1 *dispose of any materials purchased under such a certificate for any pur-*
2 *pose other than that for which such a certificate is issued without the*
3 *payment of the sales or compensating tax otherwise imposed upon such*
4 *materials, shall be guilty of a misdemeanor and, upon conviction therefor,*
5 *shall be subject to the penalties provided for in subsection (g) of K.S.A.*
6 *79-3615, and amendments thereto*

7 **(cccc) all sales of entry or participation fees, charges or tickets**
8 **by Guadalupe health foundation, which is exempt from federal in-**
9 **come taxation pursuant to section 501(c)(3) of the federal internal**
10 **revenue code, for such organization's annual fundraising event**
11 **which purpose is to provide health care services for uninsured**
12 **workers;**

13 **(dddd) all sales of tangible personal property and services pur-**
14 **chased by Shawnee community services, which is exempt from fed-**
15 **eral income taxation pursuant to section 501(c)(3) of the federal**
16 **internal revenue code of 1986, and which such property and serv-**
17 **ices are used for the purpose of providing food and clothing to those**
18 **in need; and all sales of such property and services by or on behalf**
19 **of such organization for any such purpose; and all sales of such**
20 **personal property and services purchased by such organization**
21 **which are used by such organization in the constructing, equipping,**
22 **reconstructing, maintaining, repairing, enlarging, furnishing or re-**
23 **modeling of facilities for operation of services of such organization**
24 **and all sales of tangible personal property or services purchased by**
25 **a contractor for the purpose of constructing, equipping, recon-**
26 **structing, maintaining, repairing, enlarging, furnishing or remodel-**
27 **ing of facilities for the operation of services for such organization**
28 **for any such purpose which would be exempt from taxation under**
29 **the provisions of this section if purchased directly by such organi-**
30 **zation. Nothing in this subsection shall be deemed to exempt the**
31 **purchase of any construction machinery, equipment or tools used**
32 **in the constructing, equipping, reconstructing, maintaining, repair-**
33 **ing, enlarging, furnishing or remodeling of such facilities for such**
34 **organization. When such organization contracts for the purpose of**
35 **constructing, equipping, reconstructing, maintaining, repairing, en-**
36 **larging, furnishing or remodeling of such facilities, it shall obtain**
37 **from the state and furnish to the contractor an exemption certificate**
38 **for the project involved, and the contractor may purchase materials**
39 **for incorporation in such project. The contractor shall furnish the**
40 **number of such certificate to all suppliers from whom such pur-**
41 **chases are made, and such suppliers shall execute invoices covering**
42 **the same bearing the number of such certificate. Upon completion**
43 **of the project the contractor shall furnish to such organization a**

1 *sworn statement, on a form to be provided by the director of taxation,*
2 *that all purchases so made were entitled to exemption under*
3 *this subsection. All invoices shall be held by the contractor for a*
4 *period of five years and shall be subject to audit by the director of*
5 *taxation. If any materials purchased under such a certificate are*
6 *found not to have been incorporated in the building or other project*
7 *or not to have been returned for credit or the sales or compensating*
8 *tax otherwise imposed upon such materials which will not be in-*
9 *corporated into the building or other project reported and paid by*
10 *such contractor to the director of taxation not later than the 20th*
11 *day of the month following the close of the month in which it shall*
12 *be determined that such materials will not be used for the purpose*
13 *for which such certificate was issued, such organization shall be*
14 *liable for tax on all materials purchased for the project, and upon*
15 *payment thereof it may recover the same from the contractor to-*
16 *gether with reasonable attorney fees. Any contractor or any agent,*
17 *employee or subcontractor thereof, who shall use or otherwise dis-*
18 *pose of any materials purchased under such a certificate for any*
19 *purpose other than that for which such a certificate is issued with-*
20 *out the payment of the sales or compensating tax otherwise imposed*
21 *upon such materials, shall be guilty of a misdemeanor and, upon*
22 *conviction therefor, shall be subject to the penalties provided for in*
23 *subsection (g) of K.S.A. 79-3615, and amendments thereto;*
24 *(eeee) all sales of tangible personal property and services by or*
25 *on behalf of the Steve King foundation, which is exempt from federal*
26 *income taxation pursuant to section 501(c)(3) of the federal internal*
27 *revenue code, for the purpose of providing assistance to dirt track*
28 *race car drivers, pit crew members, track officials and personnel,*
29 *or their families, who are seriously ill, severely injured or killed,*
30 *and obtaining and maintaining safety equipment or implementing*
31 *safety measures to enhance and improve dirt track racing;*
32 *(ffff) all sales of tangible personal property purchased by or on*
33 *behalf of an educational foundation, which is exempt from federal*
34 *income taxation pursuant to section 501 (c)(3) of the federal inter-*
35 *nal revenue code, for the purpose of providing support for educa-*
36 *tional programs and services offered by a public or private elemen-*
37 *tary or secondary school, and all sales of any such property by or*
38 *on behalf of such foundation for such purpose;*
39 *(gggg) all sales of tangible personal property and services pur-*
40 *chased by Kansas legal services, inc., which is exempt from federal*
41 *income taxation pursuant to section 501(c)(3) of the federal internal*
42 *revenue code, for the purpose of providing legal, mediation and*
43 *employment training services to low income individuals and*

1 *families;*

2 *(hhhh) all sales of tangible personal property or services pur-*
3 *chased by or on behalf of wayside waifs, inc., which is exempt from*
4 *federal income taxation pursuant to section 501(c)(3) of the federal*
5 *internal revenue code, for the purpose of providing such organiza-*
6 *tion's annual fundraiser, an event whose purpose is to support the*
7 *care of homeless and abandoned animals, animal adoption efforts,*
8 *education programs for children and efforts to reduce animal over-*
9 *population and animal welfare services, and all sales of any such*
10 *property, including entry or participation fees or charges, by or on*
11 *behalf of such organization for such purpose;*

12 *(iii) all sales of personal property and services purchased by*
13 *or on behalf of Kansas CASA association, inc., and its member pro-*
14 *grams which are exempt from federal income taxation pursuant to*
15 *section 501(c)(3) of the federal internal revenue code, for the pur-*
16 *pose of supporting and promoting the growth, development and con-*
17 *tinuation of local CASA programs which provide advocacy services*
18 *on behalf of children and youth involved in the court system, and*
19 *all sales of any such property by or on behalf of any such organi-*
20 *zations for any such purpose;*

21 *(jjjj) all sales of personal property and services purchased by*
22 *or on behalf of St. Francis community services, inc., St. Francis*
23 *community and residential services, inc., St. Francis community*
24 *and family services, inc. and St. Francis community outreach serv-*
25 *ices, inc., which are exempt from federal income taxation pursuant*
26 *to section 501 (c)(3) of the federal internal revenue code, for the*
27 *purpose of providing emergency care, shelter and treatment for*
28 *abused and neglected children and families as well as meeting ad-*
29 *ditional critical needs for children, juveniles and families, and all*
30 *sales of any such property by or on behalf of any such organization*
31 *for any such purpose; and all sales of personal property and services*
32 *purchased by such organization which such personal property and*
33 *services are used by any such organization in the constructing,*
34 *equipping, reconstructing, maintaining, repairing, enlarging, fur-*
35 *nishing or remodeling of facilities for such organization, and all*
36 *sales of tangible personal property or services purchased by a con-*
37 *tractor for the purpose of constructing, equipping, reconstructing,*
38 *maintaining, repairing, enlarging, furnishing or remodeling the fa-*
39 *cilities for such organization, which would be exempt from taxation*
40 *under the provisions of this section if purchased directly by such*
41 *organization. Nothing in this subsection shall be deemed to exempt*
42 *the purchase of any construction machinery, equipment or tools*
43 *used in the constructing, equipping, reconstructing, maintaining,*

1 *repairing, enlarging, furnishing or remodeling facilities for any*
2 *such organization. When any such organization shall contract for*
3 *the purpose of constructing, equipping, reconstructing, maintain-*
4 *ing, repairing, enlarging, furnishing or remodeling facilities, it shall*
5 *obtain from the state and furnish to the contractor an exemption*
6 *certificate for the project involved, and the contractor may pur-*
7 *chase materials for incorporation in such project. The contractor*
8 *shall furnish the number of such certificate to all suppliers from*
9 *whom such purchases are made, and such suppliers shall execute*
10 *invoices covering the same bearing the number of such certificate.*
11 *Upon completion of the project the contractor shall furnish to such*
12 *organization concerned a sworn statement, on a form to be provided*
13 *by the director of taxation, that all purchases so made were entitled*
14 *to exemption under this subsection. All invoices shall be held by the*
15 *contractor for a period of five years and shall be subject to audit*
16 *by the director of taxation. If any materials purchased under such*
17 *a certificate are found not to have been incorporated in such facil-*
18 *ities or not to have been returned for credit or the sales or compen-*
19 *sating tax otherwise imposed upon such materials which will not be*
20 *so incorporated in such facilities reported and paid by such con-*
21 *tractor to the director of taxation not later than the 20th day of the*
22 *month following the close of the month in which it shall be deter-*
23 *mined that such materials will not be used for the purpose for which*
24 *such certificate was issued, such organization concerned shall be*
25 *liable for tax on all materials purchased for the project, and upon*
26 *payment thereof it may recover the same from the contractor to-*
27 *gether with reasonable attorney fees. 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; as de-*
35 *termined under the provisions of this subsection;*
36 *(kkkk) all sales of personal property and services purchased by*
37 *or on behalf of east central Kansas economic opportunity corpora-*
38 *tion, which is exempt from federal income taxation pursuant to sec-*
39 *tion 501(c)(3) of the federal internal revenue code, for the purpose*
40 *of focusing public and private resources to enable rural and urban*
41 *low-income families and individuals of all ages to attain the skills,*
42 *knowledge, attitudes and motivations needed to secure opportuni-*
43 *ties to become self-sufficient, and all sales of any such property by*

1 *or on behalf of such organization for such purpose;*

2 *(llll) all sales of personal property and services purchased by*
3 *Douglas county senior services, inc., which is exempt from federal*
4 *income taxation pursuant to section 501(c)(3) of the federal internal*
5 *revenue code, for the purpose of planning, directing, contracting*
6 *and organizing of services and creating opportunities for Douglas*
7 *county residents who are 60 years of age and older to allow such*
8 *residents to remain independent and active in their homes and com-*
9 *munities, and all sales of any such property by such organization*
10 *for any such purpose;*

11 *(mmmm) all sales of tangible personal property purchased by*
12 *or on behalf of Paola senior center, which is exempt from federal*
13 *income taxation pursuant to section 501(c)(3) of the federal internal*
14 *revenue code, for the purpose of enhancing the lives of older people*
15 *to help such people remain active in community and civic affairs,*
16 *and to continue to live independently in their homes, and all sales*
17 *of any such property by or on behalf of such organization for any*
18 *such purpose; and all sales of personal property and services pur-*
19 *chased by such organization which such personal property and*
20 *services are used by any such organization in the constructing,*
21 *equipping, reconstructing, maintaining, repairing, enlarging, fur-*
22 *nishing or remodeling of facilities for such organization, and all*
23 *sales of tangible personal property or services purchased by a con-*
24 *tractor for the purpose of constructing, equipping, reconstructing,*
25 *maintaining, repairing, enlarging, furnishing or remodeling the fa-*
26 *cilities for such organization, which would be exempt from taxation*
27 *under the provisions of this section if purchased directly by such*
28 *organization. Nothing in this subsection shall be deemed to exempt*
29 *the purchase of any construction machinery, equipment or tools*
30 *used in the constructing, equipping, reconstructing, maintaining,*
31 *repairing, enlarging, furnishing or remodeling facilities for any*
32 *such organization. When any such organization shall contract for*
33 *the purpose of constructing, equipping, reconstructing, maintain-*
34 *ing, repairing, enlarging, furnishing or remodeling facilities, it shall*
35 *obtain from the state and furnish to the contractor an exemption*
36 *certificate for the project involved, and the contractor may pur-*
37 *chase materials for incorporation in such project. The contractor*
38 *shall furnish the number of such certificate to all suppliers from*
39 *whom such purchases are made, and such suppliers shall execute*
40 *invoices covering the same bearing the number of such certificate.*
41 *Upon completion of the project the contractor shall furnish to such*
42 *organization concerned a sworn statement, on a form to be provided*
43 *by the director of taxation, that all purchases so made were entitled*

1 *to exemption under this subsection. All invoices shall be held by the*
2 *contractor for a period of five years and shall be subject to audit*
3 *by the director of taxation. If any materials purchased under such*
4 *a certificate are found not to have been incorporated in such facil-*
5 *ities or not to have been returned for credit or the sales or compen-*
6 *sating tax otherwise imposed upon such materials which will not be*
7 *so incorporated in such facilities reported and paid by such con-*
8 *tractor to the director of taxation not later than the 20th day of the*
9 *month following the close of the month in which it shall be deter-*
10 *mined that such materials will not be used for the purpose for which*
11 *such certificate was issued, such organization concerned shall be*
12 *liable for tax on all materials purchased for the project, and upon*
13 *payment thereof it may recover the same from the contractor to-*
14 *gether with reasonable attorney fees. Any contractor or any agent,*
15 *employee or subcontractor thereof, who shall use or otherwise dis-*
16 *pose of any materials purchased under such a certificate for any*
17 *purpose other than that for which such a certificate is issued with-*
18 *out the payment of the sales or compensating tax otherwise imposed*
19 *upon such materials, shall be guilty of a misdemeanor and, upon*
20 *conviction therefor, shall be subject to the penalties provided for in*
21 *subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax*
22 *paid on and after January 1, 2007, but prior to the effective date of*
23 *this act upon the gross receipts received from any sale which would*
24 *have been exempted by the provisions of this subsection had such*
25 *sale occurred after the effective date of this act shall be refunded.*
26 *Each claim for a sales tax refund shall be verified and submitted to*
27 *the director of taxation upon forms furnished by the director and*
28 *shall be accompanied by any additional documentation required by*
29 *the director. The director shall review each claim and shall refund*
30 *that amount of sales tax paid as determined under the provisions of*
31 *this subsection. All refunds shall be paid from the sales tax refund*
32 *fund upon warrants of the director of accounts and reports pursuant*
33 *to vouchers approved by the director or the director's designee;*
34 *(nnnn) all sales of admissions or tickets to annual county fairs*
35 *held by county fair associations to provide support for the educa-*
36 *tion and encouragement of improvement in agriculture, horticul-*
37 *ture, livestock, poultry, dairy products, liberal arts, fine arts, do-*
38 *mestic economy and 4-H club activities of citizens of the county;*
39 *and*
40 *(oooo) all sales of tangible personal property and services pur-*
41 *chased by a contractor for the capital improvement project to con-*
42 *struct, equip, furnish, renovate, reconstruct and repair the state*
43 *capitol, which would be exempt from taxation if purchased directly*

1 *by the state of Kansas. The state of Kansas shall furnish to the con-*
2 *tractor an exemption certificate for the project involved, and the*
3 *contractor may purchase materials for incorporation in such pro-*
4 *ject. The contractor shall furnish the number of such certificates to*
5 *all suppliers from whom such purchases are made, and such sup-*
6 *pliers shall execute invoices covering the same, bearing the number*
7 *of such certificate. Upon completion of the project the contractor*
8 *shall furnish to the state, a sworn statement, on a form to be pro-*
9 *vided by the director of taxation, that all purchases so made were*
10 *entitled to exemption under this subsection. As an alternative to the*
11 *foregoing procedure, any such contracting entity may apply to the*
12 *secretary of revenue for agent status for the sole purpose of issuing*
13 *and furnishing project exemption certificates to contractors pur-*
14 *suant to rules and regulations adopted by the secretary establishing*
15 *conditions and standards for the granting and maintaining of such*
16 *status. All invoices shall be held by the contractor for a period of*
17 *five years and shall be subject to audit by the director of taxation.*
18 *Any contractor or any agent, employee or subcontractor thereof,*
19 *who shall use or otherwise dispose of any materials purchased un-*
20 *der such a certificate for any purpose other than that for which*
21 *such a certificate is issued without the payment of the sales or com-*
22 *pensating tax otherwise imposed upon such materials, shall be*
23 *guilty of a misdemeanor and, upon conviction therefor, shall be*
24 *subject to the penalties provided for in subsection (g) of K.S.A. 79-*
25 *3615, and amendments thereto.*

26 Sec. 2. K.S.A. 2007 Supp. 79-3606 is hereby repealed.

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