

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

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*As Amended by Senate Committee*

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

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*As Amended by House Committee*

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*Session of 2009*

## HOUSE BILL No. 2299

By Committee on Taxation

2-5

16 AN ACT concerning sales taxation; relating to exemptions; ~~goodwill in~~  
17 ~~industries and All American Beef Battalion, Inc.~~; amending K.S.A.  
18 2008 Supp. 79-3603 and 79-3606 and repealing the existing ~~section~~  
19 ~~sections~~.

20  
21 *Be it enacted by the Legislature of the State of Kansas:*

22 **Section 1. K.S.A. 2008 Supp. 79-3603 is hereby amended to**  
23 **read as follows: 79-3603. For the privilege of engaging in the busi-**  
24 **ness of selling tangible personal property at retail in this state or**  
25 **rendering or furnishing any of the services taxable under this act,**  
26 **there is hereby levied and there shall be collected and paid a tax at**  
27 **the rate of 5.3%. Within a redevelopment district established pur-**  
28 **suant to K.S.A. 74-8921, and amendments thereto, there is hereby**  
29 **levied and there shall be collected and paid an additional tax at the**  
30 **rate of 2% until the earlier of the date the bonds issued to finance**  
31 **or refinance the redevelopment project have been paid in full or the**  
32 **final scheduled maturity of the first series of bonds issued to finance**  
33 **any part of the project upon:**

34 (a) *The gross receipts received from the sale of tangible per-*  
35 *sonal property at retail within this state;*

36 (b) *the gross receipts from intrastate, interstate or international*  
37 *telecommunications services and any ancillary services sourced to*  
38 *this state in accordance with K.S.A. 2008 Supp. 79-3673, and*  
39 *amendments thereto, except that telecommunications service does*  
40 *not include: (1) Any interstate or international 800 or 900 service;*  
41 *(2) any interstate or international private communications service*  
42 *as defined in K.S.A. 2008 Supp. 79-3673, and amendments thereto;*  
43 *(3) any value-added nonvoice data service; (4) any telecommuni-*

1 *cation service to a provider of telecommunication services which*  
2 *will be used to render telecommunications services, including car-*  
3 *rier access services; or (5) any service or transaction defined in this*  
4 *section among entities classified as members of an affiliated group*  
5 *as provided by section 1504 of the federal internal revenue code of*  
6 *1986, as in effect on January 1, 2001;*

7 *(c) the gross receipts from the sale or furnishing of gas, water,*  
8 *electricity and heat, which sale is not otherwise exempt from taxa-*  
9 *tion under the provisions of this act, and whether furnished by mu-*  
10 *nicipally or privately owned utilities, except that, on and after Jan-*  
11 *uary 1, 2006, for sales of gas, electricity and heat delivered through*  
12 *mains, lines or pipes to residential premises for noncommercial use*  
13 *by the occupant of such premises, and for agricultural use and also,*  
14 *for such use, all sales of propane gas, the state rate shall be 0%; and*  
15 *for all sales of propane gas, LP gas, coal, wood and other fuel*  
16 *sources for the production of heat or lighting for noncommercial*  
17 *use of an occupant of residential premises, the state rate shall be*  
18 *0%, but such tax shall not be levied and collected upon the gross*  
19 *receipts from: (1) The sale of a rural water district benefit unit; (2)*  
20 *a water system impact fee, system enhancement fee or similar fee*  
21 *collected by a water supplier as a condition for establishing service;*  
22 *or (3) connection or reconnection fees collected by a water supplier;*

23 *(d) the gross receipts from the sale of meals or drinks furnished*  
24 *at any private club, drinking establishment, catered event, restau-*  
25 *rant, eating house, dining car, hotel, drugstore or other place where*  
26 *meals or drinks are regularly sold to the public;*

27 *(e) the gross receipts from the sale of admissions to any place*  
28 *providing amusement, entertainment or recreation services includ-*  
29 *ing admissions to state, county, district and local fairs, but such tax*  
30 *shall not be levied and collected upon the gross receipts received*  
31 *from sales of admissions to any cultural and historical event which*  
32 *occurs triennially;*

33 *(f) the gross receipts from the operation of any coin-operated*  
34 *device dispensing or providing tangible personal property, amuse-*  
35 *ment or other services except laundry services, whether automatic*  
36 *or manually operated;*

37 *(g) the gross receipts from the service of renting of rooms by*  
38 *hotels, as defined by K.S.A. 36-501 and amendments thereto, or by*  
39 *accommodation brokers, as defined by K.S.A. 12-1692, and amend-*  
40 *ments thereto but such tax shall not be levied and collected upon*  
41 *the gross receipts received from sales of such service to the federal*  
42 *government and any agency, officer or employee thereof in associ-*  
43 *ation with the performance of official government duties;*

- 1     *(h) the gross receipts from the service of renting or leasing of*  
2 *tangible personal property except such tax shall not apply to the*  
3 *renting or leasing of machinery, equipment or other personal prop-*  
4 *erty owned by a city and purchased from the proceeds of industrial*  
5 *revenue bonds issued prior to July 1, 1973, in accordance with the*  
6 *provisions of K.S.A. 12-1740 through 12-1749, and amendments*  
7 *thereto, and any city or lessee renting or leasing such machinery,*  
8 *equipment or other personal property purchased with the proceeds*  
9 *of such bonds who shall have paid a tax under the provisions of this*  
10 *section upon sales made prior to July 1, 1973, shall be entitled to a*  
11 *refund from the sales tax refund fund of all taxes paid thereon;*
- 12     *(i) the gross receipts from the rendering of dry cleaning, press-*  
13 *ing, dyeing and laundry services except laundry services rendered*  
14 *through a coin-operated device whether automatic or manually*  
15 *operated;*
- 16     *(j) the gross receipts from the rendering of the services of wash-*  
17 *ing and washing and waxing of vehicles;*
- 18     *(k) the gross receipts from cable, community antennae and*  
19 *other subscriber radio and television services;*
- 20     *(l) (1) except as otherwise provided by paragraph (2), the gross*  
21 *receipts received from the sales of tangible personal property to all*  
22 *contractors, subcontractors or repairmen for use by them in erect-*  
23 *ing structures, or building on, or otherwise improving, altering, or*  
24 *repairing real or personal property.*
- 25     *(2) Any such contractor, subcontractor or repairman who main-*  
26 *tains an inventory of such property both for sale at retail and for*  
27 *use by them for the purposes described by paragraph (1) shall be*  
28 *deemed a retailer with respect to purchases for and sales from such*  
29 *inventory, except that the gross receipts received from any such*  
30 *sale, other than a sale at retail, shall be equal to the total purchase*  
31 *price paid for such property and the tax imposed thereon shall be*  
32 *paid by the deemed retailer;*
- 33     *(m) the gross receipts received from fees and charges by public*  
34 *and private clubs, drinking establishments, organizations and busi-*  
35 *nesses for participation in sports, games and other recreational ac-*  
36 *tivities, but such tax shall not be levied and collected upon the gross*  
37 *receipts received from: (1) Fees and charges by any political sub-*  
38 *division, by any organization exempt from property taxation pur-*  
39 *suant to paragraph Ninth of K.S.A. 79-201, and amendments thereto,*  
40 *or by any youth recreation organization exclusively providing serv-*  
41 *ices to persons 18 years of age or younger which is exempt from*  
42 *federal income taxation pursuant to section 501(c)(3) of the federal*  
43 *internal revenue code of 1986, for participation in sports, games*

1 *and other recreational activities; and (2) entry fees and charges for*  
2 *participation in a special event or tournament sanctioned by a na-*  
3 *tional sporting association to which spectators are charged an ad-*  
4 *mission which is taxable pursuant to subsection (e); and (3) fees and*  
5 *charges for participating in guided and non-guided hunts and fishing*  
6 *expeditions and excursions and hunting or fishing leases;*  
7 *(n) the gross receipts received from dues charged by public and*  
8 *private clubs, drinking establishments, organizations and busi-*  
9 *nesses, payment of which entitles a member to the use of facilities*  
10 *for recreation or entertainment, but such tax shall not be levied and*  
11 *collected upon the gross receipts received from: (1) Dues charged*  
12 *by any organization exempt from property taxation pursuant to par-*  
13 *agraphs Eighth and Ninth of K.S.A. 79-201, and amendments thereto;*  
14 *and (2) sales of memberships in a nonprofit organization which is*  
15 *exempt from federal income taxation pursuant to section 501 (c)(3)*  
16 *of the federal internal revenue code of 1986, and whose purpose is*  
17 *to support the operation of a nonprofit zoo;*  
18 *(o) the gross receipts received from the isolated or occasional*  
19 *sale of motor vehicles or trailers but not including: (1) The transfer*  
20 *of motor vehicles or trailers by a person to a corporation or limited*  
21 *liability company solely in exchange for stock securities or mem-*  
22 *bership interest in such corporation or limited liability company;*  
23 *or (2) the transfer of motor vehicles or trailers by one corporation*  
24 *or limited liability company to another when all of the assets of*  
25 *such corporation or limited liability company are transferred to*  
26 *such other corporation or limited liability company; or (3) the sale*  
27 *of motor vehicles or trailers which are subject to taxation pursuant*  
28 *to the provisions of K.S.A. 79-5101 et seq., and amendments thereto,*  
29 *by an immediate family member to another immediate family mem-*  
30 *ber. For the purposes of clause (3), immediate family member means*  
31 *lineal ascendants or descendants, and their spouses. Any amount of*  
32 *sales tax paid pursuant to the Kansas retailers sales tax act on the*  
33 *isolated or occasional sale of motor vehicles or trailers on and after*  
34 *July 1, 2004, which the base for computing the tax was the value*  
35 *pursuant to subsections (a), (b)(1) and (b)(2) of K.S.A. 79-5105, and*  
36 *amendments thereto, when such amount was higher than the*  
37 *amount of sales tax which would have been paid under the law as*  
38 *it existed on June 30, 2004, shall be refunded to the taxpayer pur-*  
39 *suant to the procedure prescribed by this section. Such refund shall*  
40 *be in an amount equal to the difference between the amount of sales*  
41 *tax paid by the taxpayer and the amount of sales tax which would*  
42 *have been paid by the taxpayer under the law as it existed on June*  
43 *30, 2004. Each claim for a sales tax refund shall be verified and*

1 *submitted not later than six months from the effective date of this*  
2 *act to the director of taxation upon forms furnished by the director*  
3 *and shall be accompanied by any additional documentation re-*  
4 *quired by the director. The director shall review each claim and*  
5 *shall refund that amount of tax paid as provided by this act. All*  
6 *such refunds shall be paid from the sales tax refund fund, upon*  
7 *warrants of the director of accounts and reports pursuant to vouch-*  
8 *ers approved by the director of taxation or the director's designee.*  
9 *No refund for an amount less than \$10 shall be paid pursuant to*  
10 *this act. In determining the base for computing the tax on such iso-*  
11 *lated or occasional sale, the fair market value of any motor vehicle*  
12 *or trailer traded in by the purchaser to the seller may be deducted*  
13 *from the selling price;*

14 *(p) the gross receipts received for the service of installing or*  
15 *applying tangible personal property which when installed or ap-*  
16 *plied is not being held for sale in the regular course of business,*  
17 *and whether or not such tangible personal property when installed*  
18 *or applied remains tangible personal property or becomes a part of*  
19 *real estate, except that no tax shall be imposed upon the service of*  
20 *installing or applying tangible personal property in connection with*  
21 *the original construction of a building or facility, the original con-*  
22 *struction, reconstruction, restoration, remodeling, renovation, re-*  
23 *pair or replacement of a residence or the construction, reconstruc-*  
24 *tion, restoration, replacement or repair of a bridge or highway.*

25 *For the purposes of this subsection:*

26 *(1) "Original construction" shall mean the first or initial con-*  
27 *struction of a new building or facility. The term "original construc-*  
28 *tion" shall include the addition of an entire room or floor to any*  
29 *existing building or facility, the completion of any unfinished por-*  
30 *tion of any existing building or facility and the restoration, recon-*  
31 *struction or replacement of a building, facility or utility structure*  
32 *damaged or destroyed by fire, flood, tornado, lightning, explosion,*  
33 *windstorm, ice loading and attendant winds, terrorism or earth-*  
34 *quake, but such term, except with regard to a residence, shall not*  
35 *include replacement, remodeling, restoration, renovation or recon-*  
36 *struction under any other circumstances;*

37 *(2) "building" shall mean only those enclosures within which*  
38 *individuals customarily are employed, or which are customarily*  
39 *used to house machinery, equipment or other property, and includ-*  
40 *ing the land improvements immediately surrounding such building;*

41 *(3) "facility" shall mean a mill, plant, refinery, oil or gas well,*  
42 *water well, feedlot or any conveyance, transmission or distribution*  
43 *line of any cooperative, nonprofit, membership corporation organ-*

- 1 *ized under or subject to the provisions of K.S.A. 17-4601 et seq.,*  
2 *and amendments thereto, or municipal or quasi-municipal corpo-*  
3 *ration, including the land improvements immediately surrounding*  
4 *such facility;*
- 5 (4) *“residence” shall mean only those enclosures within which*  
6 *individuals customarily live;*
- 7 (5) *“utility structure” shall mean transmission and distribution*  
8 *lines owned by an independent transmission company or coopera-*  
9 *tive, the Kansas electric transmission authority or natural gas or*  
10 *electric public utility; and*
- 11 (6) *“windstorm” shall mean straight line winds of at least 80*  
12 *miles per hour as determined by a recognized meteorological re-*  
13 *porting agency or organization;*
- 14 (q) *the gross receipts received for the service of repairing, serv-*  
15 *icing, altering or maintaining tangible personal property which*  
16 *when such services are rendered is not being held for sale in the*  
17 *regular course of business, and whether or not any tangible per-*  
18 *sonal property is transferred in connection therewith. The tax im-*  
19 *posed by this subsection shall be applicable to the services of re-*  
20 *pairing, servicing, altering or maintaining an item of tangible*  
21 *personal property which has been and is fastened to, connected with*  
22 *or built into real property;*
- 23 (r) *the gross receipts from fees or charges made under service*  
24 *or maintenance agreement contracts for services, charges for the*  
25 *providing of which are taxable under the provisions of subsection*  
26 *(p) or (q);*
- 27 (s) *on and after January 1, 2005, the gross receipts received*  
28 *from the sale of prewritten computer software and the sale of the*  
29 *services of modifying, altering, updating or maintaining prewritten*  
30 *computer software, whether the prewritten computer software is*  
31 *installed or delivered electronically by tangible storage media phys-*  
32 *ically transferred to the purchaser or by load and leave;*
- 33 (t) *the gross receipts received for telephone answering services;*
- 34 (u) *the gross receipts received from the sale of prepaid calling*  
35 *service and prepaid wireless calling service as defined in K.S.A.*  
36 *2008 Supp. 79-3673, and amendments thereto; and*
- 37 (v) *the gross receipts received from the sales of bingo cards,*  
38 *bingo faces and instant bingo tickets by licensees under K.S.A. 79-*  
39 *4701, et seq., and amendments thereto, shall be taxed at a rate of:*  
40 *(1) 4.9% on July 1, 2000, and before July 1, 2001; and (2) 2.5% on*  
41 *July 1, 2001, and before July 1, 2002. From and after July 1, 2002,*  
42 *all sales of bingo cards, bingo faces and instant bingo tickets by*  
43 *licensees under K.S.A. 79-4701 et seq., and amendments thereto,*

1 ***shall be exempt from taxes imposed pursuant to this section.***

2 ~~Section 1.~~ **Sec. 2.** K.S.A. 2008 Supp. 79-3606 is hereby amended to  
3 read as follows: 79-3606. The following shall be exempt from the tax  
4 imposed by this act:

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

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

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

40 (d) all sales of tangible personal property or services purchased by a  
41 contractor for the purpose of constructing, equipping, reconstructing,  
42 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
43 any public or private nonprofit hospital or public hospital authority, public

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



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

27 (e) all sales of tangible personal property or services purchased by a  
28 contractor for the erection, repair or enlargement of buildings or other  
29 projects for the government of the United States, its agencies or instru-  
30 mentalities, which would be exempt from taxation if purchased directly  
31 by the government of the United States, its agencies or instrumentalities.  
32 When the government of the United States, its agencies or instrumen-  
33 talities shall contract for the erection, repair, or enlargement of any build-  
34 ing or other project, it shall obtain from the state and furnish to the  
35 contractor an exemption certificate for the project involved, and the con-  
36 tractor may purchase materials for incorporation in such project. The  
37 contractor shall furnish the number of such certificates to all suppliers  
38 from whom such purchases are made, and such suppliers shall execute  
39 invoices covering the same bearing the number of such certificate. Upon  
40 completion of the project the contractor shall furnish to the government  
41 of the United States, its agencies or instrumentalities concerned a sworn  
42 statement, on a form to be provided by the director of taxation, that all  
43 purchases so made were entitled to exemption under this subsection. As

1 an alternative to the foregoing procedure, any such contracting entity may  
2 apply to the secretary of revenue for agent status for the sole purpose of  
3 issuing and furnishing project exemption certificates to contractors pur-  
4 suant to rules and regulations adopted by the secretary establishing con-  
5 ditions and standards for the granting and maintaining of such status. All  
6 invoices shall be held by the contractor for a period of five years and shall  
7 be subject to audit by the director of taxation. Any contractor or any agent,  
8 employee or subcontractor thereof, who shall use or otherwise dispose of  
9 any materials purchased under such a certificate for any purpose other  
10 than that for which such a certificate is issued without the payment of  
11 the sales or compensating tax otherwise imposed upon such materials,  
12 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
13 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615  
14 and amendments thereto;

15 (f) tangible personal property purchased by a railroad or public utility  
16 for consumption or movement directly and immediately in interstate  
17 commerce;

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

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

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

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

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

42 (l) all isolated or occasional sales of tangible personal property, serv-  
43 ices, substances or things, except isolated or occasional sale of motor

- 1 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.  
2 79-3603 and amendments thereto;
- 3 (m) all sales of tangible personal property which become an ingre-  
4 dient or component part of tangible personal property or services pro-  
5 duced, manufactured or compounded for ultimate sale at retail within or  
6 without the state of Kansas; and any such producer, manufacturer or  
7 compounder may obtain from the director of taxation and furnish to the  
8 supplier an exemption certificate number for tangible personal property  
9 for use as an ingredient or component part of the property or services  
10 produced, manufactured or compounded;
- 11 (n) all sales of tangible personal property which is consumed in the  
12 production, manufacture, processing, mining, drilling, refining or com-  
13 pounding of tangible personal property, the treating of by-products or  
14 wastes derived from any such production process, the providing of serv-  
15 ices or the irrigation of crops for ultimate sale at retail within or without  
16 the state of Kansas; and any purchaser of such property may obtain from  
17 the director of taxation and furnish to the supplier an exemption certifi-  
18 cate number for tangible personal property for consumption in such pro-  
19 duction, manufacture, processing, mining, drilling, refining, compound-  
20 ing, treating, irrigation and in providing such services;
- 21 (o) all sales of animals, fowl and aquatic plants and animals, the pri-  
22 mary purpose of which is use in agriculture or aquaculture, as defined in  
23 K.S.A. 47-1901, and amendments thereto, the production of food for  
24 human consumption, the production of animal, dairy, poultry or aquatic  
25 plant and animal products, fiber or fur, or the production of offspring for  
26 use for any such purpose or purposes;
- 27 (p) all sales of drugs dispensed pursuant to a prescription order by a  
28 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
29 1626, and amendments thereto. As used in this subsection, “drug” means  
30 a compound, substance or preparation and any component of a com-  
31 pound, substance or preparation, other than food and food ingredients,  
32 dietary supplements or alcoholic beverages, recognized in the official  
33 United States pharmacopoeia, official homeopathic pharmacopoeia of the  
34 United States or official national formulary, and supplement to any of  
35 them, intended for use in the diagnosis, cure, mitigation, treatment or  
36 prevention of disease or intended to affect the structure or any function  
37 of the body;
- 38 (q) all sales of insulin dispensed by a person licensed by the state  
39 board of pharmacy to a person for treatment of diabetes at the direction  
40 of a person licensed to practice medicine by the board of healing arts;
- 41 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
42 enteral feeding systems, prosthetic devices and mobility enhancing equip-  
43 ment prescribed in writing by a person licensed to practice the healing

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

18 (s) except as provided in K.S.A. 2008 Supp. 82a-2101, and amend-  
19 ments thereto, all sales of tangible personal property or services pur-  
20 chased directly or indirectly by a groundwater management district or-  
21 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and  
22 amendments thereto, by a rural water district organized or operating un-  
23 der the authority of K.S.A. 82a-612, and amendments thereto, or by a  
24 water supply district organized or operating under the authority of K.S.A.  
25 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,  
26 which property or services are used in the construction activities, opera-  
27 tion or maintenance of the district;

28 (t) all sales of farm machinery and equipment or aquaculture ma-  
29 chinery and equipment, repair and replacement parts therefor and serv-  
30 ices performed in the repair and maintenance of such machinery and  
31 equipment. For the purposes of this subsection the term “farm machinery  
32 and equipment or aquaculture machinery and equipment” shall include  
33 a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
34 thereto, and is equipped with a bed or cargo box for hauling materials,  
35 and shall also include machinery and equipment used in the operation of  
36 Christmas tree farming but shall not include any passenger vehicle, truck,  
37 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer,  
38 as such terms are defined by K.S.A. 8-126 and amendments thereto.  
39 “Farm machinery and equipment” includes precision farming equipment  
40 that is portable or is installed or purchased to be installed on farm ma-  
41 chinery and equipment. “Precision farming equipment” includes the fol-  
42 lowing items used only in computer-assisted farming, ranching or aqua-  
43 culture production operations: Soil testing sensors, yield monitors,

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

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

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

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

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

41 (y) all sales of materials and services used in the repairing, servicing,  
42 altering, maintaining, manufacturing, remanufacturing, or modification of  
43 railroad rolling stock for use in interstate or foreign commerce under

1 authority of the laws of the United States;

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

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

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

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

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

1 pursuant to this subsection if purchased directly by such facility or center.  
2 This exemption shall not apply to tangible personal property customarily  
3 used for human habitation purposes;

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

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

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

11 (2) For purposes of this subsection:

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

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

25 (C) “manufacturing or processing plant or facility” means a single,  
26 fixed location owned or controlled by a manufacturing or processing busi-  
27 ness that consists of one or more structures or buildings in a contiguous  
28 area where integrated production operations are conducted to manufac-  
29 ture or process tangible personal property to be ultimately sold at retail.  
30 Such term shall not include any facility primarily operated for the purpose  
31 of conveying or assisting in the conveyance of natural gas, electricity, oil  
32 or water. A business may operate one or more manufacturing or proc-  
33 essing plants or facilities at different locations to manufacture or process  
34 a single product of tangible personal property to be ultimately sold at  
35 retail;

36 (D) “manufacturing or processing business” means a business that  
37 utilizes an integrated production operation to manufacture, process, fab-  
38 ricate, finish, or assemble items for wholesale and retail distribution as  
39 part of what is commonly regarded by the general public as an industrial  
40 manufacturing or processing operation or an agricultural commodity  
41 processing operation. (i) Industrial manufacturing or processing opera-  
42 tions include, by way of illustration but not of limitation, the fabrication  
43 of automobiles, airplanes, machinery or transportation equipment, the



1 fabrication of metal, plastic, wood, or paper products, electricity power  
2 generation, water treatment, petroleum refining, chemical production,  
3 wholesale bottling, newspaper printing, ready mixed concrete production,  
4 and the remanufacturing of used parts for wholesale or retail sale. Such  
5 processing operations shall include operations at an oil well, gas well, mine  
6 or other excavation site where the oil, gas, minerals, coal, clay, stone, sand  
7 or gravel that has been extracted from the earth is cleaned, separated,  
8 crushed, ground, milled, screened, washed, or otherwise treated or pre-  
9 pared before its transmission to a refinery or before any other wholesale  
10 or retail distribution. (ii) Agricultural commodity processing operations  
11 include, by way of illustration but not of limitation, meat packing, poultry  
12 slaughtering and dressing, processing and packaging farm and dairy prod-  
13 ucts in sealed containers for wholesale and retail distribution, feed grind-  
14 ing, grain milling, frozen food processing, and grain handling, cleaning,  
15 blending, fumigation, drying and aeration operations engaged in by grain  
16 elevators or other grain storage facilities. (iii) Manufacturing or processing  
17 businesses do not include, by way of illustration but not of limitation,  
18 nonindustrial businesses whose operations are primarily retail and that  
19 produce or process tangible personal property as an incidental part of  
20 conducting the retail business, such as retailers who bake, cook or prepare  
21 food products in the regular course of their retail trade, grocery stores,  
22 meat lockers and meat markets that butcher or dress livestock or poultry  
23 in the regular course of their retail trade, contractors who alter, service,  
24 repair or improve real property, and retail businesses that clean, service  
25 or refurbish and repair tangible personal property for its owner;

26 (E) “repair and replacement parts and accessories” means all parts  
27 and accessories for exempt machinery and equipment, including, but not  
28 limited to, dies, jigs, molds, patterns and safety devices that are attached  
29 to exempt machinery or that are otherwise used in production, and parts  
30 and accessories that require periodic replacement such as belts, drill bits,  
31 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
32 other refractory items for exempt kiln equipment used in production  
33 operations;

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

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

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

40 (B) to transport, convey, handle or store the property undergoing  
41 manufacturing or processing at any point from the beginning of the pro-  
42 duction line through any warehousing or distribution operation of the  
43 final product that occurs at the plant or facility;

- 1 (C) to act upon, effect, promote or otherwise facilitate a physical  
2 change to the property undergoing manufacturing or processing;
- 3 (D) to guide, control or direct the movement of property undergoing  
4 manufacturing or processing;
- 5 (E) to test or measure raw materials, the property undergoing man-  
6 ufacturing or processing or the finished product, as a necessary part of  
7 the manufacturer's integrated production operations;
- 8 (F) to plan, manage, control or record the receipt and flow of inven-  
9 tories of raw materials, consumables and component parts, the flow of  
10 the property undergoing manufacturing or processing and the manage-  
11 ment of inventories of the finished product;
- 12 (G) to produce energy for, lubricate, control the operating of or oth-  
13 erwise enable the functioning of other production machinery and equip-  
14 ment and the continuation of production operations;
- 15 (H) to package the property being manufactured or processed in a  
16 container or wrapping in which such property is normally sold or  
17 transported;
- 18 (I) to transmit or transport electricity, coke, gas, water, steam or sim-  
19 ilar substances used in production operations from the point of genera-  
20 tion, if produced by the manufacturer or processor at the plant site, to  
21 that manufacturer's production operation; or, if purchased or delivered  
22 from offsite, from the point where the substance enters the site of the  
23 plant or facility to that manufacturer's production operations;
- 24 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,  
25 oil, solvents or other substances that are used in production operations;
- 26 (K) to provide and control an environment required to maintain cer-  
27 tain levels of air quality, humidity or temperature in special and limited  
28 areas of the plant or facility, where such regulation of temperature or  
29 humidity is part of and essential to the production process;
- 30 (L) to treat, transport or store waste or other byproducts of produc-  
31 tion operations at the plant or facility; or
- 32 (M) to control pollution at the plant or facility where the pollution is  
33 produced by the manufacturing or processing operation.
- 34 (4) The following machinery, equipment and materials shall be  
35 deemed to be exempt even though it may not otherwise qualify as ma-  
36 chinery and equipment used as an integral or essential part of an inte-  
37 grated production operation: (A) Computers and related peripheral  
38 equipment that are utilized by a manufacturing or processing business  
39 for engineering of the finished product or for research and development  
40 or product design; (B) machinery and equipment that is utilized by a  
41 manufacturing or processing business to manufacture or rebuild tangible  
42 personal property that is used in manufacturing or processing operations,  
43 including tools, dies, molds, forms and other parts of qualifying machinery

1 and equipment; (C) portable plants for aggregate concrete, bulk cement  
2 and asphalt including cement mixing drums to be attached to a motor  
3 vehicle; (D) industrial fixtures, devices, support facilities and special foun-  
4 dations necessary for manufacturing and production operations, and ma-  
5 terials and other tangible personal property sold for the purpose of fab-  
6 ricating such fixtures, devices, facilities and foundations. An exemption  
7 certificate for such purchases shall be signed by the manufacturer or  
8 processor. If the fabricator purchases such material, the fabricator shall  
9 also sign the exemption certificate; and (E) a manufacturing or processing  
10 business' laboratory equipment that is not located at the plant or facility,  
11 but that would otherwise qualify for exemption under subsection (3)(E).

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

14 (A) Machinery and equipment used for nonproduction purposes, in-  
15 cluding, but not limited to, machinery and equipment used for plant se-  
16 curity, fire prevention, first aid, accounting, administration, record keep-  
17 ing, advertising, marketing, sales or other related activities, plant cleaning,  
18 plant communications, and employee work scheduling;

19 (B) machinery, equipment and tools used primarily in maintaining  
20 and repairing any type of machinery and equipment or the building and  
21 plant;

22 (C) transportation, transmission and distribution equipment not pri-  
23 marily used in a production, warehousing or material handling operation  
24 at the plant or facility, including the means of conveyance of natural gas,  
25 electricity, oil or water, and equipment related thereto, located outside  
26 the plant or facility;

27 (D) office machines and equipment including computers and related  
28 peripheral equipment not used directly and primarily to control or mea-  
29 sure the manufacturing process;

30 (E) furniture and other furnishings;

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

34 (G) building fixtures that are not integral to the manufacturing op-  
35 eration, such as utility systems for heating, ventilation, air conditioning,  
36 communications, plumbing or electrical;

37 (H) machinery and equipment used for general plant heating, cooling  
38 and lighting;

39 (I) motor vehicles that are registered for operation on public high-  
40 ways; or

41 (J) employee apparel, except safety and protective apparel that is pur-  
42 chased by an employer and furnished gratuitously to employees who are  
43 involved in production or research activities.

- 1       (6) Subsections (3) and (5) shall not be construed as exclusive listings  
2 of the machinery and equipment that qualify or do not qualify as an  
3 integral or essential part of an integrated production operation. When  
4 machinery or equipment is used as an integral or essential part of pro-  
5 duction operations part of the time and for nonproduction purpose at  
6 other times, the primary use of the machinery or equipment shall deter-  
7 mine whether or not such machinery or equipment qualifies for  
8 exemption.
- 9       (7) The secretary of revenue shall adopt rules and regulations nec-  
10 essary to administer the provisions of this subsection;
- 11       (ll) all sales of educational materials purchased for distribution to the  
12 public at no charge by a nonprofit corporation organized for the purpose  
13 of encouraging, fostering and conducting programs for the improvement  
14 of public health;
- 15       (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,  
16 herbicides, germicides, pesticides and fungicides; and services, purchased  
17 and used for the purpose of producing plants in order to prevent soil  
18 erosion on land devoted to agricultural use;
- 19       (nn) except as otherwise provided in this act, all sales of services ren-  
20 dered by an advertising agency or licensed broadcast station or any mem-  
21 ber, agent or employee thereof;
- 22       (oo) all sales of tangible personal property purchased by a community  
23 action group or agency for the exclusive purpose of repairing or weath-  
24 erizing housing occupied by low income individuals;
- 25       (pp) all sales of drill bits and explosives actually utilized in the explo-  
26 ration and production of oil or gas;
- 27       (qq) all sales of tangible personal property and services purchased by  
28 a nonprofit museum or historical society or any combination thereof, in-  
29 cluding a nonprofit organization which is organized for the purpose of  
30 stimulating public interest in the exploration of space by providing edu-  
31 cational information, exhibits and experiences, which is exempt from fed-  
32 eral income taxation pursuant to section 501(c)(3) of the federal internal  
33 revenue code of 1986;
- 34       (rr) all sales of tangible personal property which will admit the pur-  
35 chaser thereof to any annual event sponsored by a nonprofit organization  
36 which is exempt from federal income taxation pursuant to section  
37 501(c)(3) of the federal internal revenue code of 1986;
- 38       (ss) all sales of tangible personal property and services purchased by  
39 a public broadcasting station licensed by the federal communications  
40 commission as a noncommercial educational television or radio station;
- 41       (tt) all sales of tangible personal property and services purchased by  
42 or on behalf of a not-for-profit corporation which is exempt from federal  
43 income taxation pursuant to section 501(c)(3) of the federal internal rev-

- 1 enue code of 1986, for the sole purpose of constructing a Kansas Korean  
2 War memorial;
- 3 (uu) all sales of tangible personal property and services purchased by  
4 or on behalf of any rural volunteer fire-fighting organization for use ex-  
5 clusively in the performance of its duties and functions;
- 6 (vv) all sales of tangible personal property purchased by any of the  
7 following organizations which are exempt from federal income taxation  
8 pursuant to section 501 (c)(3) of the federal internal revenue code of  
9 1986, for the following purposes, and all sales of any such property by or  
10 on behalf of any such organization for any such purpose:
- 11 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
12 purposes of providing education, training, certification in emergency car-  
13 diac care, research and other related services to reduce disability and  
14 death from cardiovascular diseases and stroke;
- 15 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of  
16 advocacy for persons with mental illness and to education, research and  
17 support for their families;
- 18 (3) the Kansas Mental Illness Awareness Council for the purposes of  
19 advocacy for persons who are mentally ill and to education, research and  
20 support for them and their families;
- 21 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
22 purpose of eliminating diabetes through medical research, public edu-  
23 cation focusing on disease prevention and education, patient education  
24 including information on coping with diabetes, and professional education  
25 and training;
- 26 (5) the American Lung Association of Kansas, Inc. for the purpose of  
27 eliminating all lung diseases through medical research, public education  
28 including information on coping with lung diseases, professional educa-  
29 tion and training related to lung disease and other related services to  
30 reduce the incidence of disability and death due to lung disease;
- 31 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-  
32 orders Association, Inc. for the purpose of providing assistance and sup-  
33 port to persons in Kansas with Alzheimer's disease, and their families and  
34 caregivers;
- 35 (7) the Kansas chapters of the Parkinson's disease association for the  
36 purpose of eliminating Parkinson's disease through medical research and  
37 public and professional education related to such disease;
- 38 (8) the National Kidney Foundation of Kansas and Western Missouri  
39 for the purpose of eliminating kidney disease through medical research  
40 and public and private education related to such disease;
- 41 (9) the heartstrings community foundation for the purpose of provid-  
42 ing training, employment and activities for adults with developmental  
43 disabilities;

- 1 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for  
2 the purposes of assuring the development of the means to cure and con-  
3 trol cystic fibrosis and improving the quality of life for those with the  
4 disease;
- 5 (11) the spina bifida association of Kansas for the purpose of provid-  
6 ing financial, educational and practical aid to families and individuals with  
7 spina bifida. Such aid includes, but is not limited to, funding for medical  
8 devices, counseling and medical educational opportunities;
- 9 (12) the CHWC, Inc., for the purpose of rebuilding urban core neigh-  
10 borhoods through the construction of new homes, acquiring and reno-  
11 vating existing homes and other related activities, and promoting eco-  
12 nomic development in such neighborhoods;
- 13 (13) the cross-lines cooperative council for the purpose of providing  
14 social services to low income individuals and families;
- 15 (14) the Dreams Work, Inc., for the purpose of providing young adult  
16 day services to individuals with developmental disabilities and assisting  
17 families in avoiding institutional or nursing home care for a developmen-  
18 tally disabled member of their family;
- 19 (15) the KSDS, Inc., for the purpose of promoting the independence  
20 and inclusion of people with disabilities as fully participating and contrib-  
21 uting members of their communities and society through the training and  
22 providing of guide and service dogs to people with disabilities, and provid-  
23 ing disability education and awareness to the general public;
- 24 (16) the lyme association of greater Kansas City, Inc., for the purpose  
25 of providing support to persons with lyme disease and public education  
26 relating to the prevention, treatment and cure of lyme disease;
- 27 (17) the Dream Factory, Inc., for the purpose of granting the dreams  
28 of children with critical and chronic illnesses;
- 29 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing  
30 students and families with education and resources necessary to enable  
31 each child to develop fine character and musical ability to the fullest  
32 potential;
- 33 (19) the International Association of Lions Clubs for the purpose of  
34 creating and fostering a spirit of understanding among all people for hu-  
35 manitarian needs by providing voluntary services through community in-  
36 volvement and international cooperation;
- 37 (20) the Johnson county young matrons, inc., for the purpose of pro-  
38 moting a positive future for members of the community through volun-  
39 teerism, financial support and education through the efforts of an all  
40 volunteer organization;
- 41 (21) the American Cancer Society, Inc., for the purpose of eliminat-  
42 ing cancer as a major health problem by preventing cancer, saving lives  
43 and diminishing suffering from cancer, through research, education, ad-

1 vocacy and service;

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

4 (23) the angel babies association, for the purpose of providing assis-  
5 tance, support and items of necessity to teenage mothers and their babies;

6 **and**

7 **(24) the Kansas fairgrounds foundation for the purpose of the**  
8 **preservation, renovation and beautification of the Kansas state**  
9 **fairgrounds;**

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

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

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

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

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

28 (aaa) all sales of tangible personal property and services purchased  
29 by a religious organization which is exempt from federal income taxation  
30 pursuant to section 501(c)(3) of the federal internal revenue code, and  
31 used exclusively for religious purposes, and all sales of tangible personal  
32 property or services purchased by a contractor for the purpose of con-  
33 structing, equipping, reconstructing, maintaining, repairing, enlarging,  
34 furnishing or remodeling facilities for any such organization which would  
35 be exempt from taxation under the provisions of this section if purchased  
36 directly by such organization. Nothing in this subsection shall be deemed  
37 to exempt the purchase of any construction machinery, equipment or  
38 tools used in the constructing, equipping, reconstructing, maintaining,  
39 repairing, enlarging, furnishing or remodeling facilities for any such or-  
40 ganization. When any such organization shall contract for the purpose of  
41 constructing, equipping, reconstructing, maintaining, repairing, enlarg-  
42 ing, furnishing or remodeling facilities, it shall obtain from the state and  
43 furnish to the contractor an exemption certificate for the project involved,



1 and the contractor may purchase materials for incorporation in such pro-  
2 ject. The contractor shall furnish the number of such certificate to all  
3 suppliers from whom such purchases are made, and such suppliers shall  
4 execute invoices covering the same bearing the number of such certifi-  
5 cate. Upon completion of the project the contractor shall furnish to such  
6 organization concerned a sworn statement, on a form to be provided by  
7 the director of taxation, that all purchases so made were entitled to ex-  
8 emption under this subsection. All invoices shall be held by the contractor  
9 for a period of five years and shall be subject to audit by the director of  
10 taxation. If any materials purchased under such a certificate are found  
11 not to have been incorporated in the building or other project or not to  
12 have been returned for credit or the sales or compensating tax otherwise  
13 imposed upon such materials which will not be so incorporated in the  
14 building or other project reported and paid by such contractor to the  
15 director of taxation not later than the 20th day of the month following  
16 the close of the month in which it shall be determined that such materials  
17 will not be used for the purpose for which such certificate was issued,  
18 such organization concerned shall be liable for tax on all materials pur-  
19 chased for the project, and upon payment thereof it may recover the same  
20 from the contractor together with reasonable attorney fees. Any contrac-  
21 tor or any agent, employee or subcontractor thereof, who shall use or  
22 otherwise dispose of any materials purchased under such a certificate for  
23 any purpose other than that for which such a certificate is issued without  
24 the payment of the sales or compensating tax otherwise imposed upon  
25 such materials, shall be guilty of a misdemeanor and, upon conviction  
26 therefor, shall be subject to the penalties provided for in subsection (g)  
27 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after  
28 July 1, 1998, but prior to the effective date of this act upon the gross  
29 receipts received from any sale exempted by the amendatory provisions  
30 of this subsection shall be refunded. Each claim for a sales tax refund  
31 shall be verified and submitted to the director of taxation upon forms  
32 furnished by the director and shall be accompanied by any additional  
33 documentation required by the director. The director shall review each  
34 claim and shall refund that amount of sales tax paid as determined under  
35 the provisions of this subsection. All refunds shall be paid from the sales  
36 tax refund fund upon warrants of the director of accounts and reports  
37 pursuant to vouchers approved by the director or the director's designee;  
38 (bbb) all sales of food for human consumption by an organization  
39 which is exempt from federal income taxation pursuant to section 501  
40 (c)(3) of the federal internal revenue code of 1986, pursuant to a food  
41 distribution program which offers such food at a price below cost in  
42 exchange for the performance of community service by the purchaser  
43 thereof;

1 (ccc) on and after July 1, 1999, all sales of tangible personal property  
2 and services purchased by a primary care clinic or health center the pri-  
3 mary purpose of which is to provide services to medically underserved  
4 individuals and families, and which is exempt from federal income taxa-  
5 tion pursuant to section 501 (c)(3) of the federal internal revenue code,  
6 and all sales of tangible personal property or services purchased by a  
7 contractor for the purpose of constructing, equipping, reconstructing,  
8 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
9 any such clinic or center which would be exempt from taxation under the  
10 provisions of this section if purchased directly by such clinic or center.  
11 Nothing in this subsection shall be deemed to exempt the purchase of  
12 any construction machinery, equipment or tools used in the constructing,  
13 equipping, reconstructing, maintaining, repairing, enlarging, furnishing  
14 or remodeling facilities for any such clinic or center. When any such clinic  
15 or center shall contract for the purpose of constructing, equipping, re-  
16 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
17 facilities, it shall obtain from the state and furnish to the contractor an  
18 exemption certificate for the project involved, and the contractor may  
19 purchase materials for incorporation in such project. The contractor shall  
20 furnish the number of such certificate to all suppliers from whom such  
21 purchases are made, and such suppliers shall execute invoices covering  
22 the same bearing the number of such certificate. Upon completion of the  
23 project the contractor shall furnish to such clinic or center concerned a  
24 sworn statement, on a form to be provided by the director of taxation,  
25 that all purchases so made were entitled to exemption under this subsec-  
26 tion. All invoices shall be held by the contractor for a period of five years  
27 and shall be subject to audit by the director of taxation. If any materials  
28 purchased under such a certificate are found not to have been incorpo-  
29 rated in the building or other project or not to have been returned for  
30 credit or the sales or compensating tax otherwise imposed upon such  
31 materials which will not be so incorporated in the building or other pro-  
32 ject reported and paid by such contractor to the director of taxation not  
33 later than the 20th day of the month following the close of the month in  
34 which it shall be determined that such materials will not be used for the  
35 purpose for which such certificate was issued, such clinic or center con-  
36 cerned shall be liable for tax on all materials purchased for the project,  
37 and upon payment thereof it may recover the same from the contractor  
38 together with reasonable attorney fees. Any contractor or any agent, em-  
39 ployee or subcontractor thereof, who shall use or otherwise dispose of  
40 any materials purchased under such a certificate for any purpose other  
41 than that for which such a certificate is issued without the payment of  
42 the sales or compensating tax otherwise imposed upon such materials,  
43 shall be guilty of a misdemeanor and, upon conviction therefor, shall be

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

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

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

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

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

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

42 (iii) all sales of personal property and services purchased by an or-  
43 ganization which is exempt from federal income taxation pursuant to sec-

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

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

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

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

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

1 behalf of such organization for such purpose;

2 (nnn) all sales of tangible personal property and services purchased  
3 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Char-  
4 table Fund for the purpose of constructing a boundless playground which  
5 is an integrated, barrier free and developmentally advantageous play en-  
6 vironment for children of all abilities and disabilities;

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

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

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

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

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

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

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

34 (ttt) all sales of tangible personal property or services purchased by  
35 a contractor for a project for the purpose of restoring, constructing, equip-  
36 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-  
37 modeling a home or facility owned by a nonprofit museum which has  
38 been granted an exemption pursuant to subsection (qq), which such home  
39 or facility is located in a city which has been designated as a qualified  
40 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
41 amendments thereto, and which such project is related to the purposes  
42 of K.S.A. 75-5071 et seq., and amendments thereto, and which would be  
43 exempt from taxation under the provisions of this section if purchased



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

37 (uuu) all sales of tangible personal property and services purchased  
38 by Kansas children's service league, hereinafter referred to as KCSL,  
39 which is exempt from federal income taxation pursuant to section  
40 501(c)(3) of the federal internal revenue code of 1986, and which such  
41 property and services are used for the purpose of providing for the pre-  
42 vention and treatment of child abuse and maltreatment as well as meeting  
43 additional critical needs for children, juveniles and family, and all sales of

1 any such property by or on behalf of KCSL for any such purpose; and all  
2 sales of tangible personal property or services purchased by a contractor  
3 for the purpose of constructing, maintaining, repairing, enlarging, fur-  
4 nishing or remodeling facilities for the operation of services for KCSL  
5 for any such purpose which would be exempt from taxation under the  
6 provisions of this section if purchased directly by KCSL. Nothing in this  
7 subsection shall be deemed to exempt the purchase of any construction  
8 machinery, equipment or tools used in the constructing, maintaining, re-  
9 pairing, enlarging, furnishing or remodeling such facilities for KCSL.  
10 When KCSL contracts for the purpose of constructing, maintaining, re-  
11 pairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
12 from the state and furnish to the contractor an exemption certificate for  
13 the project involved, and the contractor may purchase materials for in-  
14 corporation in such project. The contractor shall furnish the number of  
15 such certificate to all suppliers from whom such purchases are made, and  
16 such suppliers shall execute invoices covering the same bearing the num-  
17 ber of such certificate. Upon completion of the project the contractor  
18 shall furnish to KCSL a sworn statement, on a form to be provided by  
19 the director of taxation, that all purchases so made were entitled to ex-  
20 emption under this subsection. All invoices shall be held by the contractor  
21 for a period of five years and shall be subject to audit by the director of  
22 taxation. If any materials purchased under such a certificate are found  
23 not to have been incorporated in the building or other project or not to  
24 have been returned for credit or the sales or compensating tax otherwise  
25 imposed upon such materials which will not be so incorporated in the  
26 building or other project reported and paid by such contractor to the  
27 director of taxation not later than the 20th day of the month following  
28 the close of the month in which it shall be determined that such materials  
29 will not be used for the purpose for which such certificate was issued,  
30 KCSL 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 (vvv) all sales of tangible personal property or services, including the  
41 renting and leasing of tangible personal property or services, purchased  
42 by Jazz in the Woods, Inc., a Kansas corporation which is exempt from  
43 federal income taxation pursuant to section 501 (c)(3) of the federal in-

1 ternal revenue code, for the purpose of providing Jazz in the Woods, an  
2 event benefiting children-in-need and other nonprofit charities assisting  
3 such children, and all sales of any such property by or on behalf of such  
4 organization for such purpose;

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

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

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

25 (yyy) all sales of tangible personal property and services purchased  
26 by TLC charities foundation, inc., hereinafter referred to as TLC chari-  
27 ties, which is exempt from federal income taxation pursuant to section  
28 501(c)(3) of the federal internal revenue code of 1986, and which such  
29 property and services are used for the purpose of encouraging private  
30 philanthropy to further the vision, values, and goals of TLC for children  
31 and families, inc.; and all sales of such property and services by or on  
32 behalf of TLC charities for any such purpose and all sales of tangible  
33 personal property or services purchased by a contractor for the purpose  
34 of constructing, maintaining, repairing, enlarging, furnishing or remodel-  
35 ing facilities for the operation of services for TLC charities for any such  
36 purpose which would be exempt from taxation under the provisions of  
37 this section if purchased directly by TLC charities. Nothing in this sub-  
38 section shall be deemed to exempt the purchase of any construction ma-  
39 chinery, equipment or tools used in the constructing, maintaining, re-  
40 pairing, enlarging, furnishing or remodeling such facilities for TLC  
41 charities. When TLC charities contracts for the purpose of constructing,  
42 maintaining, repairing, enlarging, furnishing or remodeling such facilities,  
43 it shall obtain from the state and furnish to the contractor an exemption

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

28 (zzz) all sales of tangible personal property purchased by the rotary  
29 club of shawnee foundation which is exempt from federal income taxation  
30 pursuant to section 501 (c)(3) of the federal internal revenue code of  
31 1986, as amended, used for the purpose of providing contributions to  
32 community service organizations and scholarships;

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

39 (bbbb) all sales of entry or participation fees, charges or tickets by  
40 Guadalupe health foundation, which is exempt from federal income tax-  
41 ation pursuant to section 501(c)(3) of the federal internal revenue code,  
42 for such organization's annual fundraising event which purpose is to pro-  
43 vide health care services for uninsured workers; ~~and~~

- 1 (cccc) all sales of tangible personal property or services purchased by  
2 or on behalf of wayside waifs, inc., which is exempt from federal income  
3 taxation pursuant to section 501(c)(3) of the federal internal revenue  
4 code, for the purpose of providing such organization's annual fundraiser,  
5 an event whose purpose is to support the care of homeless and abandoned  
6 animals, animal adoption efforts, education programs for children and  
7 efforts to reduce animal over-population and animal welfare services, and  
8 all sales of any such property, including entry or participation fees or  
9 charges, by or on behalf of such organization for such purpose; ~~and~~
- 10 (dddd) *all sales of tangible personal property or services purchased*  
11 *by or on behalf of Goodwill Industries Easter Seals Society of Kansas,*  
12 *Inc. and Goodwill Industries of Kansas, Inc., both of which are exempt*  
13 *from federal income taxation pursuant to section 501 (c)(3) of the federal*  
14 *interal revenue code, for the purpose of providing education, training and*  
15 *employment opportunities for people with disabilities and other barriers*  
16 *to employment; ~~and~~*
- 17 (eeee) **all sales of tangible personal property or services pur-**  
18 **chased by or on behalf of All American Beef Battalion, Inc., which**  
19 **is exempt from federal income taxation pursuant to section**  
20 **501(c)(3) of the federal internal revenue code, for the purpose of**  
21 **educating, promoting and participating as a contact group through**  
22 **the beef cattle industry in order to carry out such projects that**  
23 **provide support and morale to members of the United States**  
24 **armed forces and military services, and all sales of any such prop-**  
25 **erty or services by or on behalf of any such organization for any**  
26 **such purpose;**
- 27 (ffff) *all sales of game birds for which the primary purpose is*  
28 *use in hunting;*
- 29 (gggg) *all sales of personal property and services purchased by*  
30 *any senior services center, which is exempt from federal income*  
31 *taxation pursuant to section 501(c)(3) of the federal internal reve-*  
32  *nue code, for the purpose of enhancing the lives of older citizens to*  
33 *help such citizens to remain independent and active in their homes*  
34 *and communities, and all sales of any such property by such organ-*  
35 *ization for any such purpose; ~~and~~*
- 36 (hhhh) *all sales of admissions or tickets to annual county fairs*  
37 *held by county fair associations to provide support for the educa-*  
38 *tion and encouragement of improvement in agriculture, horticul-*  
39 *ture, livestock, poultry, dairy products, liberal arts, fine arts, do-*  
40 *mestic economy and 4-H club activities of citizens of the county[;*  
41 *and*
- 42 [(iiii) *all sales of tangible personal property and services pur-*  
43 *chased by sheltered living, inc., which is exempt from federal in-*

1 *come taxation pursuant to section 501(c)(3) of the federal internal*  
2 *revenue code of 1986, and which such property and services are*  
3 *used for the purpose of providing residential and day services for*  
4 *people with developmental disabilities or mental retardation, or*  
5 *both, and all sales of any such property by or on behalf of sheltered*  
6 *living, inc. for any such purpose; and all sales of tangible personal*  
7 *property or services purchased by a contractor for the purpose of*  
8 *rehabilitating, constructing, maintaining, repairing, enlarging, fur-*  
9 *nishing or remodeling homes and facilities for sheltered living, inc.*  
10 *for any such purpose which would be exempt from taxation under*  
11 *the provisions of this section if purchased directly by sheltered liv-*  
12 *ing, inc. Nothing in this subsection shall be deemed to exempt the*  
13 *purchase of any construction machinery, equipment or tools used*  
14 *in the constructing, maintaining, repairing, enlarging, furnishing or*  
15 *remodeling such homes and facilities for sheltered living, inc. When*  
16 *sheltered living, inc. contracts for the purpose of rehabilitating,*  
17 *constructing, maintaining, repairing, enlarging, furnishing or re-*  
18 *modeling such homes and facilities, it shall obtain from the state*  
19 *and furnish to the contractor an exemption certificate for the pro-*  
20 *ject involved, and the contractor may purchase materials for incor-*  
21 *poration in such project. The contractor shall furnish the number*  
22 *of such certificate to all suppliers from whom such purchases are*  
23 *made, and such suppliers shall execute invoices covering the same*  
24 *bearing the number of such certificate. Upon completion of the pro-*  
25 *ject the contractor shall furnish to sheltered living, inc. a sworn*  
26 *statement, on a form to be provided by the director of taxation, that*  
27 *all purchases so made were entitled to exemption under this sub-*  
28 *section. All invoices shall be held by the contractor for a period of*  
29 *five years and shall be subject to audit by the director of taxation.*  
30 *If any materials purchased under such a certificate are found not*  
31 *to have been incorporated in the building or other project or not to*  
32 *have been returned for credit or the sales or compensating tax oth-*  
33 *erwise imposed upon such materials which will not be so incorpo-*  
34 *rated in the building or other project reported and paid by such*  
35 *contractor to the director of taxation not later than the 20th day of*  
36 *the month following the close of the month in which it shall be de-*  
37 *termined that such materials will not be used for the purpose for*  
38 *which such certificate was issued, sheltered living, inc. shall be li-*  
39 *able for tax on all materials purchased for the project, and upon*  
40 *payment thereof it may recover the same from the contractor to-*  
41 *gether with reasonable attorney fees. Any contractor or any agent,*  
42 *employee or subcontractor thereof, who shall use or otherwise dis-*  
43 *pose of any materials purchased under such a certificate for any*

1 *purpose other than that for which such a certificate is issued with-*  
2 *out the payment of the sales or compensating tax otherwise imposed*  
3 *upon such materials, shall be guilty of a misdemeanor and, upon*  
4 *conviction therefor, shall be subject to the penalties provided for in*  
5 *subsection (g) of K.S.A. 79-3615, and amendments thereto].*

6 Sec. ~~2~~ **3.** K.S.A. 2008 Supp. **79-3603** and 79-3606 ~~is~~ **are** hereby  
7 repealed.

8 Sec. ~~3~~ **4.** This act shall take effect and be in force from and after its  
9 publication in the statute book.