

## HOUSE BILL No. 2300

By Committee on Taxation

2-5

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9 AN ACT concerning sales taxation; relating to exemptions; resource con-  
10 servation and development councils; amending K.S.A. 2008 Supp. 79-  
11 3606 and repealing the existing section.  
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2008 Supp. 79-3606 is hereby amended to read as  
15 follows: 79-3606. The following shall be exempt from the tax imposed by  
16 this act:

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

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

43 (c) all sales of tangible personal property or services, including the

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

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

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

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

1 When the government of the United States, its agencies or instrumen-  
2 talities shall contract for the erection, repair, or enlargement of any build-  
3 ing or other project, it shall obtain from the state and furnish to the  
4 contractor an exemption certificate for the project involved, and the con-  
5 tractor may purchase materials for incorporation in such project. The  
6 contractor shall furnish the number of such certificates to all suppliers  
7 from whom such purchases are made, and such suppliers shall execute  
8 invoices covering the same bearing the number of such certificate. Upon  
9 completion of the project the contractor shall furnish to the government  
10 of the United States, its agencies or instrumentalities concerned a sworn  
11 statement, on a form to be provided by the director of taxation, that all  
12 purchases so made were entitled to exemption under this subsection. As  
13 an alternative to the foregoing procedure, any such contracting entity may  
14 apply to the secretary of revenue for agent status for the sole purpose of  
15 issuing and furnishing project exemption certificates to contractors pur-  
16 suant to rules and regulations adopted by the secretary establishing con-  
17 ditions and standards for the granting and maintaining of such status. All  
18 invoices shall be held by the contractor for a period of five years and shall  
19 be subject to audit by the director of taxation. Any contractor or any agent,  
20 employee 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 (f) tangible personal property purchased by a railroad or public utility  
28 for consumption or movement directly and immediately in interstate  
29 commerce;

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

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

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

43 (j) meals served without charge or food used in the preparation of

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

- 1 dietary supplements or alcoholic beverages, recognized in the official  
2 United States pharmacopoeia, official homeopathic pharmacopoeia of the  
3 United States or official national formulary, and supplement to any of  
4 them, intended for use in the diagnosis, cure, mitigation, treatment or  
5 prevention of disease or intended to affect the structure or any function  
6 of the body;
- 7 (q) all sales of insulin dispensed by a person licensed by the state  
8 board of pharmacy to a person for treatment of diabetes at the direction  
9 of a person licensed to practice medicine by the board of healing arts;
- 10 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
11 enteral feeding systems, prosthetic devices and mobility enhancing equip-  
12 ment prescribed in writing by a person licensed to practice the healing  
13 arts, dentistry or optometry, and in addition to such sales, all sales of  
14 hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and amend-  
15 ments thereto, and repair and replacement parts therefor, including bat-  
16 teries, by a person licensed in the practice of dispensing and fitting hear-  
17 ing aids pursuant to the provisions of K.S.A. 74-5808, and amendments  
18 thereto. For the purposes of this subsection: (1) “Mobility enhancing  
19 equipment” means equipment including repair and replacement parts to  
20 same, but does not include durable medical equipment, which is primarily  
21 and customarily used to provide or increase the ability to move from one  
22 place to another and which is appropriate for use either in a home or a  
23 motor vehicle; is not generally used by persons with normal mobility; and  
24 does not include any motor vehicle or equipment on a motor vehicle  
25 normally provided by a motor vehicle manufacturer; and (2) “prosthetic  
26 device” means a replacement, corrective or supportive device including  
27 repair and replacement parts for same worn on or in the body to artificially  
28 replace a missing portion of the body, prevent or correct physical deform-  
29 mity or malfunction or support a weak or deformed portion of the body;
- 30 (s) except as provided in K.S.A. 2008 Supp. 82a-2101, and amend-  
31 ments thereto, all sales of tangible personal property or services pur-  
32 chased directly or indirectly by a groundwater management district or-  
33 ganized or operating under the authority of K.S.A. 82a-1020 et seq. and  
34 amendments thereto, by a rural water district organized or operating un-  
35 der the authority of K.S.A. 82a-612, and amendments thereto, or by a  
36 water supply district organized or operating under the authority of K.S.A.  
37 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,  
38 which property or services are used in the construction activities, opera-  
39 tion or maintenance of the district;
- 40 (t) all sales of farm machinery and equipment or aquaculture ma-  
41 chinery and equipment, repair and replacement parts therefor and serv-  
42 ices performed in the repair and maintenance of such machinery and  
43 equipment. For the purposes of this subsection the term “farm machinery

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

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

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

39 (w) all sales of natural gas, electricity, heat and water delivered  
40 through mains, lines or pipes: (1) To residential premises for noncom-  
41 mercial use by the occupant of such premises; (2) for agricultural use and  
42 also, for such use, all sales of propane gas; (3) for use in the severing of  
43 oil; and (4) to any property which is exempt from property taxation pur-

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

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

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

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

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

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

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



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

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

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

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

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

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

39 (ii) all sales of tangible personal property purchased directly by a non-  
40 profit organization for nonsectarian comprehensive multidiscipline youth  
41 development programs and activities provided or sponsored by such or-  
42 ganization, and all sales of tangible personal property by or on behalf of  
43 any such organization. This exemption shall not apply to tangible personal

- 1 property customarily used for human habitation purposes;
- 2 (jj) all sales of tangible personal property or services, including the  
3 renting and leasing of tangible personal property, purchased directly on  
4 behalf of a community-based mental retardation facility or mental health  
5 center organized pursuant to K.S.A. 19-4001 et seq., and amendments  
6 thereto, and licensed in accordance with the provisions of K.S.A. 75-  
7 3307b and amendments thereto and all sales of tangible personal property  
8 or services purchased by contractors during the time period from July,  
9 2003, through June, 2006, for the purpose of constructing, equipping,  
10 maintaining or furnishing a new facility for a community-based mental  
11 retardation facility or mental health center located in Riverton, Cherokee  
12 County, Kansas, which would have been eligible for sales tax exemption  
13 pursuant to this subsection if purchased directly by such facility or center.  
14 This exemption shall not apply to tangible personal property customarily  
15 used for human habitation purposes;
- 16 (kk) (1) (A) all sales of machinery and equipment which are used in  
17 this state as an integral or essential part of an integrated production op-  
18 eration by a manufacturing or processing plant or facility;
- 19 (B) all sales of installation, repair and maintenance services per-  
20 formed on such machinery and equipment; and
- 21 (C) all sales of repair and replacement parts and accessories pur-  
22 chased for such machinery and equipment.
- 23 (2) For purposes of this subsection:
- 24 (A) "Integrated production operation" means an integrated series of  
25 operations engaged in at a manufacturing or processing plant or facility  
26 to process, transform or convert tangible personal property by physical,  
27 chemical or other means into a different form, composition or character  
28 from that in which it originally existed. Integrated production operations  
29 shall include: (i) Production line operations, including packaging opera-  
30 tions; (ii) preproduction operations to handle, store and treat raw mate-  
31 rials; (iii) post production handling, storage, warehousing and distribution  
32 operations; and (iv) waste, pollution and environmental control opera-  
33 tions, if any;
- 34 (B) "production line" means the assemblage of machinery and equip-  
35 ment at a manufacturing or processing plant or facility where the actual  
36 transformation or processing of tangible personal property occurs;
- 37 (C) "manufacturing or processing plant or facility" means a single,  
38 fixed location owned or controlled by a manufacturing or processing busi-  
39 ness that consists of one or more structures or buildings in a contiguous  
40 area where integrated production operations are conducted to manufac-  
41 ture or process tangible personal property to be ultimately sold at retail.  
42 Such term shall not include any facility primarily operated for the purpose  
43 of conveying or assisting in the conveyance of natural gas, electricity, oil

1 or water. A business may operate one or more manufacturing or proc-  
2 essing plants or facilities at different locations to manufacture or process  
3 a single product of tangible personal property to be ultimately sold at  
4 retail;

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

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

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

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

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

1 eral income taxation pursuant to section 501(c)(3) of the federal internal  
2 revenue code of 1986;

3 (rr) all sales of tangible personal property which will admit the pur-  
4 chaser thereof to any annual event sponsored by a nonprofit organization  
5 which is exempt from federal income taxation pursuant to section  
6 501(c)(3) of the federal internal revenue code of 1986;

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

10 (tt) all sales of tangible personal property and services purchased by  
11 or on behalf of a not-for-profit corporation which is exempt from federal  
12 income taxation pursuant to section 501(c)(3) of the federal internal rev-  
13 enue code of 1986, for the sole purpose of constructing a Kansas Korean  
14 War memorial;

15 (uu) all sales of tangible personal property and services purchased by  
16 or on behalf of any rural volunteer fire-fighting organization for use ex-  
17 clusively in the performance of its duties and functions;

18 (vv) all sales of tangible personal property purchased by any of the  
19 following organizations which are exempt from federal income taxation  
20 pursuant to section 501 (c)(3) of the federal internal revenue code of  
21 1986, for the following purposes, and all sales of any such property by or  
22 on behalf of any such organization for any such purpose:

23 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
24 purposes of providing education, training, certification in emergency car-  
25 diac care, research and other related services to reduce disability and  
26 death from cardiovascular diseases and stroke;

27 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of  
28 advocacy for persons with mental illness and to education, research and  
29 support for their families;

30 (3) the Kansas Mental Illness Awareness Council for the purposes of  
31 advocacy for persons who are mentally ill and to education, research and  
32 support for them and their families;

33 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
34 purpose of eliminating diabetes through medical research, public edu-  
35 cation focusing on disease prevention and education, patient education  
36 including information on coping with diabetes, and professional education  
37 and training;

38 (5) the American Lung Association of Kansas, Inc. for the purpose of  
39 eliminating all lung diseases through medical research, public education  
40 including information on coping with lung diseases, professional educa-  
41 tion and training related to lung disease and other related services to  
42 reduce the incidence of disability and death due to lung disease;

43 (6) the Kansas chapters of the Alzheimer's Disease and Related Dis-

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



1 potential;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (ggg) all sales of tangible personal property and services purchased  
43 by or on behalf of the Kansas Academy of Science which is exempt from

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

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

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

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

1 families, other special olympics athletes and the community, and activities  
2 provided or sponsored by such organization, and all sales of tangible per-  
3 sonal property by or on behalf of any such organization;

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

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

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

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

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



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

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

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

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

42 (ttt) all sales of tangible personal property or services purchased by  
43 a contractor for a project for the purpose of restoring, constructing, equip-

1 ping, reconstructing, maintaining, repairing, enlarging, furnishing or re-  
2 modeling a home or facility owned by a nonprofit museum which has  
3 been granted an exemption pursuant to subsection (qq), which such home  
4 or facility is located in a city which has been designated as a qualified  
5 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
6 amendments thereto, and which such project is related to the purposes  
7 of K.S.A. 75-5071 et seq., and amendments thereto, and which would be  
8 exempt from taxation under the provisions of this section if purchased  
9 directly by such nonprofit museum. Nothing in this subsection shall be  
10 deemed to exempt the purchase of any construction machinery, equip-  
11 ment or tools used in the restoring, constructing, equipping, reconstruct-  
12 ing, maintaining, repairing, enlarging, furnishing or remodeling a home  
13 or facility for any such nonprofit museum. When any such nonprofit mu-  
14 seum shall contract for the purpose of restoring, constructing, equipping,  
15 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-  
16 ing a home or facility, it shall obtain from the state and furnish to the  
17 contractor an exemption certificate for the project involved, and the con-  
18 tractor may purchase materials for incorporation in such project. The  
19 contractor shall furnish the number of such certificates to all suppliers  
20 from whom such purchases are made, and such suppliers shall execute  
21 invoices covering the same bearing the number of such certificate. Upon  
22 completion of the project, the contractor shall furnish to such nonprofit  
23 museum a sworn statement on a form to be provided by the director of  
24 taxation that all purchases so made were entitled to exemption under this  
25 subsection. All invoices shall be held by the contractor for a period of five  
26 years and shall be subject to audit by the director of taxation. If any  
27 materials purchased under such a certificate are found not to have been  
28 incorporated in the building or other project or not to have been returned  
29 for credit or the sales or compensating tax otherwise imposed upon such  
30 materials which will not be so incorporated in a home or facility or other  
31 project reported and paid by such contractor to the director of taxation  
32 not later than the 20th day of the month following the close of the month  
33 in which it shall be determined that such materials will not be used for  
34 the purpose for which such certificate was issued, such nonprofit museum  
35 shall be liable for tax on all materials purchased for the project, and upon  
36 payment thereof it may recover the same from the contractor together  
37 with reasonable attorney fees. Any contractor or any agent, employee or  
38 subcontractor thereof, who shall use or otherwise dispose of any materials  
39 purchased under such a certificate for any purpose other than that for  
40 which such a certificate is issued without the payment of the sales or  
41 compensating tax otherwise imposed upon such materials, shall be guilty  
42 of a misdemeanor and, upon conviction therefor, shall be subject to the  
43 penalties provided for in subsection (g) of K.S.A. 79-3615, and amend-

1 ments thereto;

2 (uuu) all sales of tangible personal property and services purchased  
3 by Kansas children's service league, hereinafter referred to as KCSL,  
4 which is exempt from federal income taxation pursuant to section  
5 501(c)(3) of the federal internal revenue code of 1986, and which such  
6 property and services are used for the purpose of providing for the pre-  
7 vention and treatment of child abuse and maltreatment as well as meeting  
8 additional critical needs for children, juveniles and family, and all sales of  
9 any such property by or on behalf of KCSL for any such purpose; and all  
10 sales of tangible personal property or services purchased by a contractor  
11 for the purpose of constructing, maintaining, repairing, enlarging, fur-  
12 nishing or remodeling facilities for the operation of services for KCSL  
13 for any such purpose which would be exempt from taxation under the  
14 provisions of this section if purchased directly by KCSL. Nothing in this  
15 subsection shall be deemed to exempt the purchase of any construction  
16 machinery, equipment or tools used in the constructing, maintaining, re-  
17 pairing, enlarging, furnishing or remodeling such facilities for KCSL.  
18 When KCSL contracts for the purpose of constructing, maintaining, re-  
19 pairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
20 from the state and furnish to the contractor an exemption certificate for  
21 the project involved, and the contractor may purchase materials for in-  
22 corporation in such project. The contractor shall furnish the number of  
23 such certificate to all suppliers from whom such purchases are made, and  
24 such suppliers shall execute invoices covering the same bearing the num-  
25 ber of such certificate. Upon completion of the project the contractor  
26 shall furnish to KCSL 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 the building or other project or not to  
32 have been returned for credit or the sales or compensating tax otherwise  
33 imposed upon such materials which will not be so incorporated in the  
34 building or other project reported and paid by such contractor to the  
35 director of taxation not later than the 20th day of the month following  
36 the close of the month in which it shall be determined that such materials  
37 will not be used for the purpose for which such certificate was issued,  
38 KCSL shall be liable for tax on all materials purchased for the project,  
39 and upon payment thereof it may recover the same from the contractor  
40 together with reasonable attorney fees. Any contractor or any agent, em-  
41 ployee or subcontractor thereof, who shall use or otherwise dispose of  
42 any materials purchased under such a certificate for any purpose other  
43 than that for which such a certificate is issued without the payment of

1 the sales or compensating tax otherwise imposed upon such materials,  
2 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
3 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,  
4 and amendments thereto;

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

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

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

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

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

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

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

41 (aaaa) all sales of personal property and services purchased by or on  
42 behalf of victory in the valley, inc., which is exempt from federal income  
43 taxation pursuant to section 501 (c)(3) of the federal internal revenue

1 code, for the purpose of providing a cancer support group and services  
2 for persons with cancer, and all sales of any such property by or on behalf  
3 of any such organization for any such purpose;

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

9 (cccc) all sales of tangible personal property or services purchased by  
10 or on behalf of wayside waifs, inc., which is exempt from federal income  
11 taxation pursuant to section 501(c)(3) of the federal internal revenue  
12 code, for the purpose of providing such organization's annual fundraiser,  
13 an event whose purpose is to support the care of homeless and abandoned  
14 animals, animal adoption efforts, education programs for children and  
15 efforts to reduce animal over-population and animal welfare services, and  
16 all sales of any such property, including entry or participation fees or  
17 charges, by or on behalf of such organization for such purpose; *and*

18 *(dddd) all sales of tangible personal property and services, including*  
19 *the renting and leasing of tangible personal property and services, pur-*  
20 *chased by or on behalf of resource conservation and development councils*  
21 *which are Kansas corporations which are exempt from federal income*  
22 *taxation pursuant to section 501(c)(3) of the federal internal revenue code,*  
23 *for the purpose of natural resource conservation and community devel-*  
24 *opment, and all sales of any such property by or on behalf of any such*  
25 *organization for such purpose.*

26 Sec. 2. K.S.A. 2008 Supp. 79-3606 is hereby repealed.

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