

SENATE BILL No. 493

By Committee on Assessment on Taxation

2-1

9 AN ACT concerning sales taxation; relating to exemptions; Project Able,
10 Inc.; amending K.S.A. 2009 Supp. 79-3606 and repealing the existing
11 section.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2009 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. 2009 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 1986,
21 for the following purposes, and all sales of any such property by or on
22 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;

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 ~~and~~

19 (24) the Kansas fairgrounds foundation for the purpose of the pres-
20 ervation, renovation and beautification of the Kansas state fairgrounds;
21 *and*

22 (25) *the Project Able, Inc., for the purpose of providing peer support*
23 *to persons diagnosed with a severe and persistent mental illness, through*
24 *advocacy, leadership, education, training and research;*

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

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

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

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

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

43 (aaa) all sales of tangible personal property and services purchased

1 by a religious organization which is exempt from federal income taxation
2 pursuant to section 501(c)(3) of the federal internal revenue code, and
3 used exclusively for religious purposes, and all sales of tangible personal
4 property or services purchased by a contractor for the purpose of con-
5 structing, equipping, reconstructing, maintaining, repairing, enlarging,
6 furnishing or remodeling facilities for any such organization which would
7 be exempt from taxation under the provisions of this section if purchased
8 directly by such organization. Nothing in this subsection shall be deemed
9 to exempt the purchase of any construction machinery, equipment or
10 tools used in the constructing, equipping, reconstructing, maintaining,
11 repairing, enlarging, furnishing or remodeling facilities for any such or-
12 ganization. When any such organization shall contract for the purpose of
13 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
14 ing, furnishing or remodeling facilities, it shall obtain from the state and
15 furnish to the contractor an exemption certificate for the project involved,
16 and the contractor may purchase materials for incorporation in such pro-
17 ject. The contractor shall furnish the number of such certificate to all
18 suppliers from whom such purchases are made, and such suppliers shall
19 execute invoices covering the same bearing the number of such certifi-
20 cate. Upon completion of the project the contractor shall furnish to such
21 organization concerned a sworn statement, on a form to be provided by
22 the director of taxation, that all purchases so made were entitled to ex-
23 emption under this subsection. All invoices shall be held by the contractor
24 for a period of five years and shall be subject to audit by the director of
25 taxation. If any materials purchased under such a certificate are found
26 not to have been incorporated in the building or other project or not to
27 have been returned for credit or the sales or compensating tax otherwise
28 imposed upon such materials which will not be so incorporated in the
29 building or other project reported and paid by such contractor to the
30 director of taxation not later than the 20th day of the month following
31 the close of the month in which it shall be determined that such materials
32 will not be used for the purpose for which such certificate was issued,
33 such organization concerned shall be liable for tax on all materials pur-
34 chased for the project, and upon payment thereof it may recover the same
35 from the contractor together with reasonable attorney fees. Any contrac-
36 tor or any agent, employee or subcontractor thereof, who shall use or
37 otherwise dispose of any materials purchased under such a certificate for
38 any purpose other than that for which such a certificate is issued without
39 the payment of the sales or compensating tax otherwise imposed upon
40 such materials, shall be guilty of a misdemeanor and, upon conviction
41 therefor, shall be subject to the penalties provided for in subsection (g)
42 of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after
43 July 1, 1998, but prior to the effective date of this act upon the gross

1 receipts received from any sale exempted by the amendatory provisions
2 of this subsection shall be refunded. Each claim for a sales tax refund
3 shall be verified and submitted to the director of taxation upon forms
4 furnished by the director and shall be accompanied by any additional
5 documentation required by the director. The director shall review each
6 claim and shall refund that amount of sales tax paid as determined under
7 the provisions of this subsection. All refunds shall be paid from the sales
8 tax refund fund upon warrants of the director of accounts and reports
9 pursuant to vouchers approved by the director or the director's designee;

10 (bbb) all sales of food for human consumption by an organization
11 which is exempt from federal income taxation pursuant to section
12 501(c)(3) of the federal internal revenue code of 1986, pursuant to a food
13 distribution program which offers such food at a price below cost in
14 exchange for the performance of community service by the purchaser
15 thereof;

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

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

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

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

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

1 or processing plant or facility. Material handling and storage equipment
2 shall include aeration, dust control, cleaning, handling and other such
3 equipment that is used in a public grain warehouse or other commercial
4 grain storage facility, whether used for grain handling, grain storage, grain
5 refining or processing, or other grain treatment operation;

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

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

14 (iii) all sales of personal property and services purchased by an or-
15 ganization which is exempt from federal income taxation pursuant to sec-
16 tion 501(c)(3) of the federal internal revenue code of 1986, and which
17 such personal property and services are used by any such organization in
18 the collection, storage and distribution of food products to nonprofit or-
19 ganizations which distribute such food products to persons pursuant to a
20 food distribution program on a charitable basis without fee or charge, and
21 all sales of tangible personal property or services purchased by a contrac-
22 tor for the purpose of constructing, equipping, reconstructing, maintain-
23 ing, repairing, enlarging, furnishing or remodeling facilities used for the
24 collection and storage of such food products for any such organization
25 which is exempt from federal income taxation pursuant to section
26 501(c)(3) of the federal internal revenue code of 1986, which would be
27 exempt from taxation under the provisions of this section if purchased
28 directly by such organization. Nothing in this subsection shall be deemed
29 to exempt the purchase of any construction machinery, equipment or
30 tools used in the constructing, equipping, reconstructing, maintaining,
31 repairing, enlarging, furnishing or remodeling facilities for any such or-
32 ganization. When any such organization shall contract for the purpose of
33 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
34 ing, furnishing or remodeling facilities, it shall obtain from the state and
35 furnish to the contractor an exemption certificate for the project involved,
36 and the contractor may purchase materials for incorporation in such pro-
37 ject. The contractor shall furnish the number of such certificate to all
38 suppliers from whom such purchases are made, and such suppliers shall
39 execute invoices covering the same bearing the number of such certifi-
40 cate. Upon completion of the project the contractor shall furnish to such
41 organization concerned a sworn statement, on a form to be provided by
42 the director of taxation, that all purchases so made were entitled to ex-
43 emption under this subsection. All invoices shall be held by the contractor

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

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

- 1 quired pursuant to 21 C.F.R. § 101.36;
- 2 (III) all sales of tangible personal property and services purchased by
3 special olympics Kansas, inc. for the purpose of providing year-round
4 sports training and athletic competition in a variety of olympic-type sports
5 for individuals with intellectual disabilities by giving them continuing op-
6 portunities to develop physical fitness, demonstrate courage, experience
7 joy and participate in a sharing of gifts, skills and friendship with their
8 families, other special olympics athletes and the community, and activities
9 provided or sponsored by such organization, and all sales of tangible per-
10 sonal property by or on behalf of any such organization;
- 11 (mmm) all sales of tangible personal property purchased by or on
12 behalf of the Marillac Center, Inc., which is exempt from federal income
13 taxation pursuant to section 501(c)(3) of the federal internal revenue
14 code, for the purpose of providing psycho-social-biological and special
15 education services to children, and all sales of any such property by or on
16 behalf of such organization for such purpose;
- 17 (nnn) all sales of tangible personal property and services purchased
18 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Char-
19 itable Fund for the purpose of constructing a boundless playground which
20 is an integrated, barrier free and developmentally advantageous play en-
21 vironment for children of all abilities and disabilities;
- 22 (ooo) all sales of tangible personal property by or on behalf of a public
23 library serving the general public and supported in whole or in part with
24 tax money or a not-for-profit organization whose purpose is to raise funds
25 for or provide services or other benefits to any such public library;
- 26 (ppp) all sales of tangible personal property and services purchased
27 by or on behalf of a homeless shelter which is exempt from federal income
28 taxation pursuant to section 501(c)(3) of the federal income tax code of
29 1986, and used by any such homeless shelter to provide emergency and
30 transitional housing for individuals and families experiencing homeles-
31 ness, and all sales of any such property by or on behalf of any such home-
32 less shelter for any such purpose;
- 33 (qqq) all sales of tangible personal property and services purchased
34 by TLC for children and families, inc., hereinafter referred to as TLC,
35 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 providing emergency
38 shelter and treatment for abused and neglected children as well as meet-
39 ing additional critical needs for children, juveniles and family, and all sales
40 of any such property by or on behalf of TLC for any such purpose; and
41 all sales of tangible personal property or services purchased by a contrac-
42 tor for the purpose of constructing, maintaining, repairing, enlarging, fur-
43 nishing or remodeling facilities for the operation of services for TLC for

1 any such purpose which would be exempt from taxation under the pro-
2 visions of this section if purchased directly by TLC. 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,
5 repairing, enlarging, furnishing or remodeling such facilities for TLC.
6 When TLC contracts for the purpose of constructing, maintaining, re-
7 pairing, enlarging, furnishing or remodeling such facilities, it shall obtain
8 from the state and furnish to the contractor an exemption certificate for
9 the project involved, and the contractor may purchase materials for in-
10 corporation in such project. The contractor shall furnish the number of
11 such certificate to all suppliers from whom such purchases are made, and
12 such suppliers shall execute invoices covering the same bearing the num-
13 ber of such certificate. Upon completion of the project the contractor
14 shall furnish to TLC a sworn statement, on a form to be provided by the
15 director of taxation, that all purchases so made were entitled to exemption
16 under this subsection. 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, TLC shall be
26 liable for tax on all materials purchased for the project, and upon payment
27 thereof it may recover the same from the contractor together with rea-
28 sonable attorney fees. Any contractor or any agent, employee or subcon-
29 tractor thereof, who shall use or otherwise dispose of any materials pur-
30 chased under such a certificate for any purpose other than that for which
31 such a certificate is issued without the payment of the sales or compen-
32 sating tax otherwise imposed upon such materials, shall be guilty of a
33 misdemeanor and, upon conviction therefor, shall be subject to the pen-
34 alties provided for in subsection (g) of K.S.A. 79-3615, and amendments
35 thereto;

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

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

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

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

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

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

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

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

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

26 (xxx) all sales of personal property and services purchased by the
27 booth theatre foundation, inc., an organization which is exempt from fed-
28 eral income taxation pursuant to section 501(c)(3) of the federal internal
29 revenue code of 1986, and which such personal property and services are
30 used by any such organization in the constructing, equipping, recon-
31 structing, maintaining, repairing, enlarging, furnishing or remodeling of
32 the booth theatre, and all sales of tangible personal property or services
33 purchased by a contractor for the purpose of constructing, equipping,
34 reconstructing, maintaining, repairing, enlarging, furnishing or remodel-
35 ing the booth theatre for such organization, which would be exempt from
36 taxation under the provisions of this section if purchased directly by such
37 organization. Nothing in this subsection shall be deemed to exempt the
38 purchase of any construction machinery, equipment or tools used in the
39 constructing, equipping, reconstructing, maintaining, repairing, enlarg-
40 ing, furnishing or remodeling facilities for any such organization. When
41 any such organization 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 such organization
7 concerned a sworn statement, on a form to be provided by the director
8 of taxation, that all purchases so made were entitled to exemption under
9 this subsection. All invoices shall be held by the contractor for a period
10 of five years and shall be subject to audit by the director of taxation. If
11 any materials purchased under such a certificate are found not to have
12 been incorporated in such facilities or not to have been returned for credit
13 or the sales or compensating tax otherwise imposed upon such materials
14 which will not be so incorporated in such facilities reported and paid by
15 such contractor to the director of taxation not later than the 20th day of
16 the month following the close of the month in which it shall be deter-
17 mined that such materials will not be used for the purpose for which such
18 certificate was issued, such organization concerned shall be liable for tax
19 on all materials purchased for the project, and upon payment thereof it
20 may recover the same from the contractor together with reasonable at-
21 torney fees. Any contractor or any agent, employee or subcontractor
22 thereof, who shall use or otherwise dispose of any materials purchased
23 under such a certificate for any purpose other than that for which such a
24 certificate is issued without the payment of the sales or compensating tax
25 otherwise imposed upon such materials, shall be guilty of a misdemeanor
26 and, upon conviction therefor, shall be subject to the penalties provided
27 for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales
28 tax paid on and after January 1, 2007, but prior to the effective date of
29 this act upon the gross receipts received from any sale which would have
30 been exempted by the provisions of this subsection had such sale occurred
31 after the effective date of this act shall be refunded. Each claim for a
32 sales tax refund shall be verified and submitted to the director of taxation
33 upon forms furnished by the director and shall be accompanied by any
34 additional documentation required by the director. The director shall
35 review each claim and shall refund that amount of sales tax paid as de-
36 termined under the provisions of this subsection. All refunds shall be paid
37 from the sales tax refund fund upon warrants of the director of accounts
38 and reports pursuant to vouchers approved by the director or the direc-
39 tor's designee;

40 (yyy) all sales of tangible personal property and services purchased
41 by TLC charities foundation, inc., hereinafter referred to as TLC chari-
42 ties, which is exempt from federal income taxation pursuant to section
43 501(c)(3) of the federal internal revenue code of 1986, and which such

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

1 club of shawnee foundation which is exempt from federal income taxation
2 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
3 as amended, used for the purpose of providing contributions to com-
4 munity service organizations and scholarships;

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

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

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

25 (dddd) all sales of tangible personal property or services purchased
26 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
27 both of which are exempt from federal income taxation pursuant to sec-
28 tion 501(c)(3) of the federal internal revenue code, for the purpose of
29 providing education, training and employment opportunities for people
30 with disabilities and other barriers to employment;

31 (eeee) all sales of tangible personal property or services purchased by
32 or on behalf of All American Beef Battalion, Inc., which is exempt from
33 federal income taxation pursuant to section 501(c)(3) of the federal in-
34 ternal revenue code, for the purpose of educating, promoting and partic-
35 ipating as a contact group through the beef cattle industry in order to
36 carry out such projects that provide support and morale to members of
37 the United States armed forces and military services; and

38 (ffff) all sales of tangible personal property and services purchased by
39 sheltered living, inc., which is exempt from federal income taxation pur-
40 suant to section 501(c)(3) of the federal internal revenue code of 1986,
41 and which such property and services are used for the purpose of provid-
42 ing residential and day services for people with developmental disabilities
43 or mental retardation, or both, and all sales of any such property by or

1 on behalf of sheltered living, inc. for any such purpose; and all sales of
2 tangible personal property or services purchased by a contractor for the
3 purpose of rehabilitating, constructing, maintaining, repairing, enlarging,
4 furnishing or remodeling homes and facilities for sheltered living, inc. for
5 any such purpose which would be exempt from taxation under the pro-
6 visions of this section if purchased directly by sheltered living, inc. Noth-
7 ing in this subsection shall be deemed to exempt the purchase of any
8 construction machinery, equipment or tools used in the constructing,
9 maintaining, repairing, enlarging, furnishing or remodeling such homes
10 and facilities for sheltered living, inc. When sheltered living, inc. contracts
11 for the purpose of rehabilitating, constructing, maintaining, repairing, en-
12 larging, furnishing or remodeling such homes and facilities, it shall obtain
13 from the state and furnish to the contractor an exemption certificate for
14 the project involved, and the contractor may purchase materials for in-
15 corporation in such project. The contractor shall furnish the number of
16 such certificate to all suppliers from whom such purchases are made, and
17 such suppliers shall execute invoices covering the same bearing the num-
18 ber of such certificate. Upon completion of the project the contractor
19 shall furnish to sheltered living, inc. a sworn statement, on a form to be
20 provided by the director of taxation, that all purchases so made were
21 entitled to exemption under this subsection. All invoices shall be held by
22 the contractor for a period of five years and shall be subject to audit by
23 the director of taxation. If any materials purchased under such a certifi-
24 cate are found not to have been incorporated in the building or other
25 project or not to have been returned for credit or the sales or compen-
26 sating tax otherwise imposed upon such materials which will not be so
27 incorporated in the building or other project reported and paid by such
28 contractor to the director of taxation not later than the 20th day of the
29 month following the close of the month in which it shall be determined
30 that such materials will not be used for the purpose for which such cer-
31 tificate was issued, sheltered living, inc. shall be liable for tax on all ma-
32 terials purchased for the project, and upon payment thereof it may re-
33 cover the same from the contractor together with reasonable attorney
34 fees. Any contractor or any agent, employee or subcontractor thereof,
35 who shall use or otherwise dispose of any materials purchased under such
36 a certificate for any purpose other than that for which such a certificate
37 is issued without the payment of the sales or compensating tax otherwise
38 imposed upon such materials, shall be guilty of a misdemeanor and, upon
39 conviction therefor, shall be subject to the penalties provided for in sub-
40 section (g) of K.S.A. 79-3615, and amendments thereto.

41 Sec. 2. K.S.A. 2009 Supp. 79-3606 is hereby repealed.

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