

SENATE BILL No. 52

By Committee on Commerce

1-21

1 AN ACT concerning economic development; enacting the Kansas film and
2 digital media production development act; establishing an income tax
3 credit and sales tax exemption program to be administered by the
4 secretary of commerce for the purpose of developing film, video or
5 digital production in Kansas; amending K.S.A. 2024 Supp. 79-3606
6 and repealing the existing section.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. Sections 1 through 6, and amendments thereto, shall
10 be known and may be cited as the Kansas film and digital media
11 production development act. The purpose of the Kansas film and digital
12 media production development act is to incentivize film, video or digital
13 media productions in Kansas and facilitate the development and growth of
14 a film, video or digital media production industry and associated
15 businesses supporting the industry in this state.

16 New Sec. 2. As used in this act:

17 (a) "Above-the-line personnel" means any individual hired or credited
18 on screen for an eligible production for work on the production or
19 postproduction of film as a:

20 (1) Principal cast member compensated for the eligible production
21 project at a screen actors guild schedule f or above payment rate; or

22 (2) producer, screenwriter or director.

23 (b) "Act" means the Kansas film and digital media production
24 development act, sections 1 through 6, and amendments thereto.

25 (c) "Affiliates" means those entities that are included in the
26 production company's affiliated group as defined in section 1504(a) of the
27 internal revenue code, 26 U.S.C. § 1504(a), and all other entities that are
28 50% or more owned, directly or indirectly, by members of the affiliated
29 group.

30 (d) "Based in Kansas" or "Kansas-based" means, in reference to a
31 vendor, production company or company, that the vendor, production
32 company or company is subject to income tax liability under the Kansas
33 income tax act and has a physical presence in Kansas and, with respect to a
34 production company, has maintained a physical presence in Kansas for at
35 least six months prior to submitting an application to the secretary
36 pursuant to section 3, and amendments thereto.

1 (e) "Certified production" or "certified project" means an eligible
2 production or project that has agreed to one or more qualified Kansas
3 promotions and that has been approved by the secretary as eligible for tax
4 incentives pursuant to the provisions of section 3, and amendments
5 thereto.

6 (f) "Crew" means any individual who works on production or
7 postproduction for an eligible production. "Crew" does not include above-
8 the-line personnel.

9 (g) (1) "Eligible production" or "eligible project" means a production:

10 (A) (i) Of a new film, video or digital project, or a portion or portions
11 of such project, produced in this state, including a feature film,
12 documentary, series, pilot, movie for television, televised commercial
13 advertisement, music video, video game, content-based mobile application
14 or a virtual reality, augmented reality, multi-media or new media project;

15 (ii) produced in whole or in part, in short or in long form, and may
16 include animation, music and green screen, motion capture and similar
17 production techniques;

18 (iii) fixed on a delivery system including, but not limited to, film
19 format or reels, videotape, computer drive or disc, laser disc or any
20 element of the digital domain, from which the program or completed
21 project is viewed or reproduced; and

22 (iv) intended for multimarket commercial distribution via theaters,
23 video on demand, direct to DVD, broadcast streaming, digital platforms or
24 electronic delivery systems designed for the distribution or playing of
25 interactive games, licensing for exhibition by individual television
26 stations, groups of stations, networks, national or regional syndication,
27 advertiser-supported sites, cable television stations, streaming companies
28 or public broadcasting stations; and

29 (B) that incurs or is reasonably anticipated to incur qualified
30 production or postproduction expenses of at least \$50,000, as determined
31 by the secretary.

32 (2) "Eligible production" or "eligible project" does not include:

33 (A) The coverage of news or athletic events, local advertising, local
34 interest programming, instructional videos, corporate videos, any project
35 that is not intended for multimarket commercial distribution or any portion
36 of a project not shot, recorded or created in Kansas; and

37 (B) any production of obscene material or an obscene performance as
38 defined in K.S.A. 21-6401, and amendments thereto.

39 (3) For purposes of the income tax credit as allowed under section
40 4(f), and amendments thereto, "eligible production" or "eligible project"
41 means the same as defined in paragraphs (1) and (2), except that a
42 production not intended for multimarket commercial distribution may be
43 included and the amount of eligible expenses required shall be at least

1 \$25,000.

2 (h) "Eligible television series" means a certified series television
3 production project intended for multimarket commercial distribution, with
4 an order for multiple episodes in a single season, not less than 25% of the
5 series season is filmed within Kansas and the production incurs qualifying
6 eligible expenses of more than \$50,000.

7 (i) "Eligible wages and salaries" means:

8 (1) (A) Wages or salaries paid by the production company to crew for
9 work in Kansas designated as for production or for postproduction of an
10 eligible production;

11 (B) the production company is required to remit withholding
12 payments for such wages or salaries to the department of revenue under
13 the Kansas withholding and declaration of estimated tax act; and

14 (C) at least 10% of the crew are residents of this state. The secretary
15 and the Kansas arts industry director may agree upon a higher percentage
16 requirement for Kansas residency of the crew; and

17 (2) the amounts of wages, salaries or payments paid to above-the-line
18 personnel, except that the eligible amount of such wages, salaries or
19 payments shall not comprise more than 25% of total qualified production
20 expenditures.

21 (j) "Film" means a professional single media, multimedia, video or
22 audiovisual program or feature, that may be digital, that is not obscene
23 material or an obscene performance as defined in K.S.A. 21-6401, and
24 amendments thereto. "Film" includes, but is not limited to, film produced
25 for an interactive game or a documentary, special, music video, television
26 commercial or television program, or a portion thereof, that is filmed or
27 taped for cable, television, streaming network, national or regional
28 syndication or for a feature-length motion picture intended for theatrical
29 release or for network, streaming, national or regional syndication or
30 broadcast.

31 (k) "High-impact production" means a certified production for which
32 production or postproduction expenditures are at least \$50,000,000, and at
33 least $\frac{1}{3}$ of such total expenditures constitute qualified expenditures
34 approved by the secretary.

35 (l) "Kansas film media industry development expenditure" means
36 documented financial, promotional or in-kind contributions or educational
37 or workforce development efforts, at standard rates set by the secretary in
38 consultation with the Kansas creative arts industries commission, in
39 partnership with related Kansas industry labor organizations or educational
40 institutions, toward the furtherance of the Kansas film or digital media
41 industry. Promotional efforts include, but are not limited to, the promotion
42 of the Kansas industry by directors, actors or producers affiliated with the
43 production company's project through social media that is managed by the

1 state, radio or television interviews facilitated by the department of
2 commerce, enhanced screen credit acknowledgments or related events that
3 are facilitated, conducted or sponsored by the secretary or the Kansas
4 creative arts industries commission.

5 (m) "Multi-film deal" means a certified project in which a production
6 company films at least 75% of main crew principal photography for three
7 or more films in this state within five years.

8 (n) "Nonresident crew member" means an individual who is not a
9 Kansas resident and is hired for work on an eligible production project
10 within this state.

11 (o) "Production company" means a person, producer or company that
12 produces film, including, but not limited to, for exhibition in theaters,
13 television, interactive games, cable, syndication or streaming networks.
14 "Production company" includes affiliates of a production company when
15 approved by the secretary and identified in the agreement executed
16 pursuant to section 3, and amendments thereto.

17 (p) (1) "Postproduction expenditures" means expenditures made in
18 Kansas directly for postproduction activities in Kansas for an eligible
19 production by a production company, including, but not limited to, the
20 following categories:

21 (A) Eligible wages or salaries of above-the-line personnel or crew
22 designated as postproduction;

23 (B) sound synchronization, recording or mixing;

24 (C) color grading;

25 (D) editing and related services;

26 (E) visual effects or special effects;

27 (F) computer graphics, special effects or animation services;

28 (G) film processing or format transfers;

29 (H) music production, recording, mixing or composition;

30 (I) licensing of music produced in this state or created by a Kansas
31 resident;

32 (J) rental of facilities or equipment;

33 (K) leasing of vehicles, including, but not limited to, leasing of
34 airplanes, for postproduction-related transportation and costs of food and
35 lodging; and

36 (L) other direct postproduction costs of an eligible production in
37 accordance with generally accepted entertainment industry practices.

38 (2) "Postproduction expenditures" does not include:

39 (A) Goods, equipment or vehicles not purchased, rented or leased in
40 Kansas from a Kansas-based vendor and when not used in Kansas;

41 (B) any expenditures for activities, work or services not conducted in
42 Kansas and not performed by a Kansas-based vendor. A vendor that acts as
43 a conduit to enable purchases, rentals or leases to qualify as "production

1 expenditures" that would not otherwise qualify shall not be considered a
2 Kansas-based vendor with respect to such purchases, rentals or leases; or

3 (C) costs for footage shot outside this state, marketing, story rights or
4 distribution.

5 (q) (1) "Production expenditures" means expenditures made in
6 Kansas directly related to or used for production activities in this state for
7 an eligible production by a production company, including, but not limited to
8 to, the following categories:

9 (A) Eligible wages or salaries of above-the-line personnel or crew
10 designated as production;

11 (B) set construction, maintenance, repair or modification, set
12 furnishings and operations, wardrobe, make-up, materials used to construct
13 costumes, props or scenery, accessories and related services;

14 (C) scripts, musical scores or storyboards and drafting and design
15 supplies;

16 (D) photography, sound synchronization, lighting and related
17 services;

18 (E) editing and related services;

19 (F) rental of buildings, facilities or equipment and leasing of vehicles,
20 including, but not limited to, leasing of airplanes;

21 (G) transportation costs, including, but not limited to, leasing of
22 vehicles or airplanes, directly related to production activities in Kansas;

23 (H) food and lodging;

24 (I) sound recording or mixing services;

25 (J) computer graphics, special effects and animation services;

26 (K) film processing or format transfers;

27 (L) airfare if purchased through a Kansas travel agency;

28 (M) insurance costs and bonding if purchased through a Kansas
29 insurance agency; and

30 (N) other direct costs of producing film in accordance with generally
31 accepted entertainment industry practices.

32 (2) "Production expenditures" does not include:

33 (A) Goods, equipment or vehicles not purchased, rented or leased in
34 Kansas from a Kansas-based vendor;

35 (B) any expenditures for activities, work or services not conducted in
36 Kansas and services not performed at the filming site unless the vendor is
37 a Kansas-based vendor; and

38 (C) postproduction expenditures as defined in subsection (p) when
39 used for postproduction activities.

40 (r) "Qualified postproduction expenditures" means the funds actually
41 invested and expended by a production company that are postproduction
42 expenditures made in this state and that are directly used in a certified
43 production, including, but not limited to, any Kansas film media industry

1 development expenditures, and approved by the secretary. "Qualified
2 postproduction expenditures" shall not exceed the usual and customary
3 cost of the goods or services acquired. The secretary or the secretary of
4 revenue may determine the value of the goods or services for purposes of
5 this section when the buyer and seller are affiliates, or the sale or purchase
6 is not an arm's length transaction. "Qualified postproduction expenditures"
7 does not include postproduction expenditures for which another taxpayer
8 claims the production tax credit pursuant to section 4, and amendments
9 thereto.

10 (s) "Qualified production expenditures" means the funds actually
11 invested and expended by a production company that are production
12 expenditures made in this state and directly used in a certified production,
13 including any Kansas film media industry development expenditures, and
14 approved by the secretary. "Qualified production expenditures" shall not
15 exceed the usual and customary cost of the goods or services acquired. The
16 secretary or the secretary of revenue may determine the value of the goods
17 or services for purposes of this act when the buyer and seller are affiliates,
18 or the sale or purchase is not an arm's length transaction. "Qualified
19 production expenditures" does not include production expenditures for
20 which another taxpayer claims the production tax credit pursuant to
21 section 4, and amendments thereto. "Qualified production expenditures"
22 does not include wages, salaries or payment paid to above-the-line
23 personnel that constitute more than 25% of total production expenditures.

24 (t) "Qualified Kansas promotion" means a promotion of this state,
25 approved by the secretary as to content, distribution, duration and
26 placement within a production, video or interactive game or in associated
27 online or other promotions, that consists of a static or animated logo that
28 promotes Kansas, an embedded Kansas promotion or a Kansas
29 advertisement and that may include a link to a Kansas website.

30 (u) "Secretary" means the secretary of commerce.

31 (v) "Vendor" means a business that sells or leases goods or services
32 that are related to standard production industry inventory or services.
33 "Vendor" does not include a personal services business.

34 New Sec. 3. (a) There is hereby created the Kansas film and digital
35 media industry development program. The purpose of the Kansas film and
36 digital media industry development program is to:

37 (1) Provide tax incentives for eligible projects produced in Kansas by
38 production companies that meet the requirements of this act and are
39 approved as certified projects by the secretary of commerce; and

40 (2) provide tax incentives, support programs or services, including,
41 but not limited to, professional development, infrastructure investments
42 and marketing efforts to develop film and digital media industry-related
43 Kansas businesses.

1 (b) (1) The program shall be administered by the secretary. The
2 secretary shall consult with the Kansas creative arts industries commission
3 in administering this act to ensure the best possible use of Kansas
4 resources for promoting and developing film and digital media production
5 and related industry in Kansas.

6 (2) In determining whether to approve a project as a certified project,
7 the secretary shall consider the immediate impact and potential future
8 impact of the project on the development and growth of the Kansas film,
9 video and digital media production industry. The secretary may limit, by
10 category, specified eligible expenditures or total amounts of eligible
11 production or postproduction expenditures that may be approved by the
12 secretary as qualified production or postproduction expenditures.

13 (3) The aggregate total amount of income tax credits awarded in a tax
14 year pursuant to this act shall not exceed the amount specified in section 4,
15 and amendments thereto. The secretary shall designate the percentage
16 specified in section 4, and amendments thereto, of such aggregate total
17 amount in each tax year for tax credits for Kansas-based production
18 companies to fulfill the purpose of this act as described in subsection (a)
19 (2).

20 (c) To be eligible for an income tax credit or a sales tax exemption
21 pursuant to section 4, and amendments thereto, subsection (e) and section
22 7, and amendments thereto, respectively, a production company shall, prior
23 to the commencement of the project or of principal photography, submit
24 the following to the secretary in the form and manner and with such
25 documentation and other information as required by the secretary:

26 (1) An application for approval of the production as an eligible
27 production and for designation as a certified production;

28 (2) evidence of adequate financing for the project;

29 (3) evidence of a certificate of general liability insurance with a
30 minimum coverage of \$1,000,000, or a greater amount if required by the
31 secretary, and workers compensation coverage in compliance with Kansas
32 law that shall include coverage of employer liability;

33 (4) a description of the project, timelines and anticipated completion
34 dates, anticipated eligible expenditures and project activities to be
35 conducted in Kansas, anticipated employment of crew or above-the-line
36 personnel who are Kansas residents, use of Kansas-based vendors and any
37 anticipated construction or contribution of production infrastructure or
38 participation in Kansas film and digital media industry development
39 activities; and

40 (5) an economic impact statement showing the estimated economic
41 impact of the project. Such economic impact statement shall indicate the
42 impact on the region of the state in which the project production or
43 production-related activities are conducted and any impact on the state as a

1 whole. The economic impact statement shall be prepared at the applicant's
2 expense by a firm and in the manner approved by the secretary. The
3 secretary may consider the size of the project when determining the scope
4 and information required.

5 (d) (1) If the secretary determines that the project is an eligible
6 project and approves the application, the production company shall enter
7 into an agreement with the secretary prior to the commencement of the
8 project on such terms and conditions as the secretary may require. Such
9 terms and conditions shall include, but not be limited to, qualified Kansas
10 promotions to be provided and any limitations the secretary may impose
11 on the amounts of eligible production or postproduction expenditures that
12 may be approved by the secretary as qualified expenditures, whether in
13 total or for specified eligible expenditures or specified eligible expenditure
14 categories.

15 (2) The production company shall agree to the provision of
16 documentation and information to the secretary or the secretary of revenue
17 on a regular basis as requested by the secretary or secretary of revenue to
18 determine qualified production or postproduction expenditures,
19 compliance with the requirements of this act or rules and regulations
20 adopted by the secretary or the secretary of revenue and the progress of the
21 project and estimated completion date.

22 (3) The terms and conditions shall include, but not be limited to,
23 provisions:

24 (A) For waiver of any income tax credits or sales tax exemptions
25 authorized pursuant to this act but not received by a production company,
26 termination of any future tax credits or exemptions pursuant to this act and
27 repayment of income tax credits received or sales tax exempted if
28 requirements of this act or rules and regulations are not met or terms of the
29 agreement are breached by the production company;

30 (B) requiring cooperation with any audit conducted pursuant to this
31 act; and

32 (C) for submission of information as required for publication on the
33 Kansas economic incentive database and for the secretary's reports to the
34 legislature as provided by section 5, and amendments thereto.

35 (4) The terms and conditions may also include agreements by the
36 production company for the facilitation of, coordination with or provision
37 of support services for Kansas businesses and organizations to enable
38 participation in the project or the development of the Kansas film and
39 digital media industry.

40 (5) If the secretary approves the agreement with the production
41 company, the secretary shall authorize the eligible project as a certified
42 project.

43 (e) Upon approval by the secretary as an eligible and certified project

1 and the execution of the agreement as provided in subsection (d), the
2 secretary may approve an application by the production company for a
3 sales tax exemption for production or postproduction expenditures
4 pursuant to the provisions of K.S.A. 79-3606(xxxx), and amendments
5 thereto, and shall notify the applicant and the secretary of revenue of such
6 approval. In considering approval of such sales tax exemption, the
7 secretary shall prioritize expenditures in rural areas or in economically
8 depressed urban areas to the extent feasible. The secretary may require that
9 all or a portion of expenditures eligible for exemption from sales tax be
10 made with businesses located in such areas. A production company
11 receiving a sales tax exemption shall provide the secretary or the secretary
12 of revenue with such documentation as requested by the secretary or the
13 secretary of revenue to demonstrate that expenditures have been made as
14 required.

15 (f) Prior to receipt by a production company of any income tax credit
16 authorized by section 4, and amendments thereto, the secretary shall
17 examine and determine the amount of eligible production or eligible
18 postproduction expenditures that are qualified production expenditures or
19 qualified postproduction expenditures of the production company and that
20 such expenditures are for a certified production. No expenditure that was
21 exempt from sales taxation pursuant to K.S.A. 79-3606(xxxx), and
22 amendments thereto, shall also be a basis for the income tax credit
23 pursuant to section 4, and amendments thereto, unless specifically
24 approved by the secretary. The production company shall provide such
25 information and documentation as requested by the secretary to enable the
26 secretary to determine if expenditures are authorized and whether both
27 exempted from sales tax and utilized as a basis for such income tax credit.
28 In addition, the production company shall provide evidence as required by
29 the secretary that:

30 (1) The production company has filed all Kansas tax returns and tax
31 documents required by law and withholding taxes have been submitted as
32 required by law;

33 (2) all crew who are Kansas residents and Kansas-based vendors have
34 been paid and that there are no pending liens in this state against the
35 production company; and

36 (3) the certified project for which a sales tax exemption has been
37 granted or an income tax credit is requested has been completed, or in the
38 discretion of the secretary, a phase of the certified project has been
39 completed and adequate assurance, as determined by the secretary, has
40 been provided that the project will be fully completed.

41 (g) As a condition of receiving any income tax credits pursuant to this
42 act, the production company shall provide the secretary with a report by a
43 certified public accountant licensed to practice in Kansas, prepared at the

1 expense of the applicant, verifying that the expenditures have been made
2 in compliance with the requirements of this act. The report shall be
3 provided with a claim for income tax credits as required by section 4, and
4 amendments thereto, and as otherwise required by the secretary.

5 (h) The secretary shall notify the production company and the
6 secretary of revenue of determinations of qualified expenditures made by
7 the secretary. The secretary shall notify the secretary of revenue if the
8 secretary disqualifies the production company for tax credits or
9 exemptions or requires repayment of such tax benefits pursuant to the
10 provisions of this act.

11 (i) Any repayment of income tax credits or sales or use tax
12 exemptions by a production company pursuant to this act shall be made to
13 the secretary. The secretary shall remit all moneys received from such
14 repayments to the state treasurer in accordance with the provisions of
15 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
16 remittance, the state treasurer shall deposit the entire amount in the state
17 treasury to the credit of the state general fund.

18 (j) The secretary and the secretary of revenue may adopt rules and
19 regulations to implement the provisions of this act.

20 New Sec. 4. (a) For tax years 2025 through 2034, for any production
21 company or its affiliates that make qualified production or qualified
22 postproduction expenditures for a certified production approved by the
23 secretary of commerce as provided by section 3, and amendments thereto,
24 there shall be allowed an income tax credit against the tax imposed under
25 the Kansas income tax act based on the certified production company's
26 qualified expenditures as determined pursuant to subsection (d) and as
27 limited by subsection (h). The tax credit shall be applied against the
28 production company's income tax liability for the taxable year in which the
29 qualified expenditures are made by the production company. If the amount
30 of the tax credit allowed exceeds the production company's income tax
31 liability for the taxable year, the production company may carry over the
32 amount of the tax credit that exceeds such tax liability for deduction from
33 the production company's income tax liability in the next succeeding
34 taxable year or years until the total amount of the tax credit has been
35 deducted from the production company's tax liability, except that no such
36 tax credit shall be carried over for deduction after the 10th taxable year
37 succeeding the year in which the applicable qualified expenditures were
38 made by the production company. If the production company is a
39 corporation having an election in effect under subchapter S of the federal
40 internal revenue code, a partnership or a limited liability company, the
41 credit shall be claimed by the shareholders of such corporation, the
42 partners of such partnership or members of such limited liability company
43 in the same manner as such shareholders, partners or members account for

1 their proportionate shares of the income or loss of the corporation,
2 partnership or limited liability company and in accordance with the
3 agreement executed pursuant to section 3, and amendments thereto. The
4 tax credit may be transferred as provided by subsection (k).

5 (b) A claim for a tax credit shall be filed with the secretary of revenue
6 as part of a return filed by the production company pursuant to the Kansas
7 income tax act. The order that agreements are executed with the secretary
8 of commerce pursuant to section 3, and amendments thereto, shall
9 determine the order that tax credits are allocated by the secretary of
10 revenue. A claim shall be submitted with a return or amended return within
11 one calendar year of the date of the last eligible production expenditure or
12 the last eligible postproduction expenditure for the certified production
13 that would be eligible for an income tax credit as provided by subsection
14 (a). A request or requests by a production company for an extension of
15 time of to submit a claim shall be granted by the secretary of revenue not
16 to exceed a total time extension of six months. All qualified production
17 expenditures or postproduction expenditures incurred during the taxable
18 year by a production company for a certified production shall be submitted
19 for credit as part of the same income tax return. A tax credit claim for
20 qualified expenditures during a taxable year shall not be divided and
21 submitted with multiple returns or in multiple years.

22 (c) The claim shall include a copy of the project certification and the
23 determination of qualified production or postproduction expenditures by
24 the secretary of commerce. The claim shall also include a report by a
25 certified public accountant licensed to practice in Kansas, prepared at the
26 expense of the applicant, verifying that the expenditures have been made
27 in compliance with the requirements of this act.

28 (d) The amount of the tax credit shall be equal to 30% of:

29 (1) The qualified production expenditures for the certified project; or
30 (2) the qualified postproduction expenditures for a certified project
31 with no qualified production expenditures.

32 (e) The secretary of commerce may approve additional credits as
33 follows:

34 (1) In addition to the amount authorized by subsection (d)(1):

35 (A) Up to 5% of the qualified production expenditures for a certified
36 multi-film deal, a certified eligible television series, a certified high-impact
37 production or contributions to film-related infrastructure or workforce
38 development in Kansas, including, but not limited to, contributions to
39 permanent sets, sound stages, film editing facilities, computer graphics,
40 special effects or animation facilities, educational facilities or programs,
41 internships or apprenticeships or equipment for production activities, in
42 the amount such contributions are approved by the secretary; or

43 (B) up to 5% for qualified production expenditures for a production if

1 50% or more of the crew or above-the-line personnel are Kansas residents;
2 or

3 (2) in addition to the amount authorized under subsection (d)(1) or
4 (2), up to an additional 5% of the amount of the qualified production
5 expenditures or qualified postproduction expenditures, as applicable, of a
6 certified project of a production company that has previously received an
7 income tax credit under this act with respect to such certified project.

8 (f) In addition to or in lieu of the credits authorized by subsection (d),
9 as determined by the secretary, a Kansas-based production company that
10 incurs at least \$25,000 in qualified production or postproduction
11 expenditures, including, but not limited to, expenditures for a certified
12 production not intended for multimarket distribution but that otherwise
13 constitute qualified expenditures and meets all other qualifications for a
14 tax credit under this act shall receive a tax credit in the amount of 25% of
15 such qualified expenditures. The tax credit shall be applied against the
16 Kansas-based production company's income tax liability for the taxable
17 year in which the qualified expenditures are made by the Kansas-based
18 production company. If the amount of the tax credit exceeds the Kansas-
19 based production company's income tax liability, the Kansas-based
20 production company may carry over the amount of the tax credit that
21 exceeds such tax liability for deduction from the Kansas-based production
22 company's income tax liability in the next succeeding taxable year or years
23 until the total amount of the tax credit has been deducted from the Kansas-
24 based production company's tax liability, except that no such tax credit
25 shall be carried over for deduction after the 10th taxable year succeeding
26 the year in which the applicable qualified expenditures were made by the
27 Kansas-based production company. If the Kansas-based production
28 company is a corporation having an election in effect under subchapter S
29 of the federal internal revenue code, a partnership or a limited liability
30 company, the credit shall be claimed by the shareholders of such
31 corporation, the partners of such partnership or members of such limited
32 liability company in the same manner as such shareholders, partners or
33 members account for their proportionate shares of the income or loss of
34 the corporation, partnership or limited liability company and in accordance
35 with the agreement executed pursuant to section 3, and amendments
36 thereto. The tax credit may be transferred as provided by subsection (k).

37 (g) The amount of a tax credit or portion thereof based on a qualified
38 production or postproduction expenditure for a nonresident, above-the-line
39 individual shall be limited to not more than \$500,000 in each taxable year.

40 (h) The maximum cumulative amount of all income tax credits
41 awarded to a production company for a certified project for a taxable year
42 shall not exceed 40% of the total qualified production expenditures or
43 qualified postproduction expenditures made by the production company

1 for that certified project during that taxable year.

2 (i) For purposes of determining the payment of credit claims pursuant
3 to this section, the secretary of revenue may require that credit claims of
4 affiliates be combined into one claim if necessary to accurately reflect
5 closely integrated activities of affiliates.

6 (j) If a production company hires another production company to
7 produce a project or contribute elements of a project for pay, the hired
8 company shall be considered a service provider for the hiring company,
9 and the hiring company shall be entitled to the income tax credit
10 authorized by this section.

11 (k) A tax credit allowed pursuant to this section may be transferred, in
12 whole or in part, by the production company or, if applicable as provided
13 by subsection (a), a shareholder, partner or member, to one or more
14 transferees. The transferor shall provide notification and documentation of
15 the transfer or transfers with the transferor's claim for a tax credit pursuant
16 to subsection (b). Such claim shall be filed with the secretary of revenue in
17 such form and manner and with all information as may be required by the
18 secretary of revenue, including, but not limited to, all information
19 requested regarding the transferee. The transferor shall make the transfer
20 within the calendar year in which the transferor's claim is made to the
21 secretary of revenue. The credit shall only be transferred once. The
22 transferor may transfer the credit to any individual or entity subject to
23 income tax under the Kansas income tax act. The transferred credit shall
24 be claimed by the transferee against the transferee's Kansas income tax
25 liability in the taxable year the credit was transferred. The amount of the
26 transferred credit that exceeds the transferee's tax liability for such year
27 may be carried over for deduction from the transferee's income tax liability
28 in the next succeeding taxable year or years until the total amount of the
29 tax credit has been deducted from the transferee's tax liability, except that
30 no such tax credit shall be carried over for deduction after the 10th taxable
31 year succeeding the taxable year in which the credit was transferred to the
32 transferee. The transferor or transferee shall provide such documentation
33 of the transfer to the secretary of revenue as may be required by the
34 secretary of revenue and at such time or times as may be required by the
35 secretary of revenue.

36 (l) The aggregate total amount of credits allowed under this section
37 shall not exceed ~~\$10,000,000~~ **\$5,000,000** in a tax year. Ten percent of such
38 aggregate total in each tax year shall be designated by the secretary of
39 commerce for tax credits to Kansas-based production companies.

40 New Sec. 5. On or before January 31, 2026, and each January 31
41 thereafter through January 31, 2035, the secretary shall submit an annual
42 report to the house of representatives standing committees on commerce,
43 labor and economic development and taxation and the senate standing

1 committees on commerce and assessment and taxation. The report shall
2 include the amounts and recipients of tax incentives approved by the
3 secretary pursuant to this act for the prior year and to the date of the report,
4 anticipated tax incentive amounts for the current year, the production
5 companies that have applied for and that have been certified for projects, a
6 description of ongoing and completed projects and the impact of such
7 projects and the program on the film, video or digital production industry
8 in Kansas. The secretary of revenue shall provide the secretary with
9 information as necessary for the report in accordance with the terms of the
10 agreements required by section 3, and amendments thereto.

11 New Sec. 6. No sales tax exemption or income tax credit pursuant to
12 sections 1 through 5, and amendments thereto, shall apply to or be
13 awarded for production or postproduction expenditures made on or after
14 January 1, 2035.

15 Sec. 7. K.S.A. 2024 Supp. 79-3606 is hereby amended to read as
16 follows: 79-3606. The following shall be exempt from the tax imposed by
17 this act:

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

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

1 engage in the business of furnishing gas, electricity or heat to others and
2 such items of personal property or service are used or proposed to be used
3 in such business;

4 (c) all sales of tangible personal property or services, including the
5 renting and leasing of tangible personal property, purchased directly by a
6 public or private elementary or secondary school or public or private
7 nonprofit educational institution and used primarily by such school or
8 institution for nonsectarian programs and activities provided or sponsored
9 by such school or institution or in the erection, repair or enlargement of
10 buildings to be used for such purposes. The exemption herein provided
11 shall not apply to erection, construction, repair, enlargement or equipment
12 of buildings used primarily for human habitation, except that such
13 exemption shall apply to the erection, construction, repair, enlargement or
14 equipment of buildings used for human habitation by the cerebral palsy
15 research foundation of Kansas located in Wichita, Kansas, multi
16 community diversified services, incorporated, located in McPherson,
17 Kansas, the Kansas state school for the blind and the Kansas state school
18 for the deaf;

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

1 purpose of constructing, equipping, reconstructing, repairing, enlarging,
2 furnishing or remodeling facilities that are to be leased to the donor. When
3 any political subdivision of the state, district described in subsection (s),
4 public or private nonprofit hospital or public hospital authority, public or
5 private elementary or secondary school, public or private nonprofit
6 educational institution, state correctional institution including a privately
7 constructed correctional institution contracted for state use and ownership
8 shall contract for the purpose of constructing, equipping, reconstructing,
9 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
10 shall obtain from the state and furnish to the contractor an exemption
11 certificate for the project involved, and the contractor may purchase
12 materials for incorporation in such project. The contractor shall furnish the
13 number of such certificate to all suppliers from whom such purchases are
14 made, and such suppliers shall execute invoices covering the same bearing
15 the number of such certificate. Upon completion of the project the
16 contractor shall furnish to the political subdivision, district described in
17 subsection (s), hospital or public hospital authority, school, educational
18 institution or department of corrections concerned a sworn statement, on a
19 form to be provided by the director of taxation, that all purchases so made
20 were entitled to exemption under this subsection. As an alternative to the
21 foregoing procedure, any such contracting entity may apply to the
22 secretary of revenue for agent status for the sole purpose of issuing and
23 furnishing project exemption certificates to contractors pursuant to rules
24 and regulations adopted by the secretary establishing conditions and
25 standards for the granting and maintaining of such status. All invoices
26 shall be held by the contractor for a period of five years and shall be
27 subject to audit by the director of taxation. If any materials purchased
28 under such a certificate are found not to have been incorporated in the
29 building or other project or not to have been returned for credit or the sales
30 or compensating tax otherwise imposed upon such materials that will not
31 be so incorporated in the building or other project reported and paid by
32 such contractor to the director of taxation not later than the 20th day of the
33 month following the close of the month in which it shall be determined
34 that such materials will not be used for the purpose for which such
35 certificate was issued, the political subdivision, district described in
36 subsection (s), hospital or public hospital authority, school, educational
37 institution or the contractor contracting with the department of corrections
38 for a correctional institution concerned shall be liable for tax on all
39 materials purchased for the project, and upon payment thereof it may
40 recover the same from the contractor together with reasonable attorney
41 fees. Any contractor or any agent, employee or subcontractor thereof, who
42 shall use or otherwise dispose of any materials purchased under such a
43 certificate for any purpose other than that for which such a certificate is

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

5 (e) all sales of tangible personal property or services purchased by a
6 contractor for the erection, repair or enlargement of buildings or other
7 projects for the government of the United States, its agencies or
8 instrumentalities, that would be exempt from taxation if purchased directly
9 by the government of the United States, its agencies or instrumentalities.

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

36 (f) tangible personal property purchased by a railroad or public utility
37 for consumption or movement directly and immediately in interstate
38 commerce;

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

1 instrumentality of such foreign government and all sales of aircraft for use
2 outside of the United States and sales of aircraft repair, modification and
3 replacement parts and sales of services employed in the remanufacture,
4 modification and repair of aircraft;

5 (h) all rentals of nonsectarian textbooks by public or private
6 elementary or secondary schools;

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

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

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

20 (l) all isolated or occasional sales of tangible personal property,
21 services, substances or things, except isolated or occasional sale of motor
22 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and
23 amendments thereto;

24 (m) all sales of tangible personal property that become an ingredient
25 or component part of tangible personal property or services produced,
26 manufactured or compounded for ultimate sale at retail within or without
27 the state of Kansas; and any such producer, manufacturer or compounder
28 may obtain from the director of taxation and furnish to the supplier an
29 exemption certificate number for tangible personal property for use as an
30 ingredient or component part of the property or services produced,
31 manufactured or compounded;

32 (n) all sales of tangible personal property that is consumed in the
33 production, manufacture, processing, mining, drilling, refining or
34 compounding of tangible personal property, the treating of by-products or
35 wastes derived from any such production process, the providing of
36 services or the irrigation of crops for ultimate sale at retail within or
37 without the state of Kansas; and any purchaser of such property may
38 obtain from the director of taxation and furnish to the supplier an
39 exemption certificate number for tangible personal property for
40 consumption in such production, manufacture, processing, mining,
41 drilling, refining, compounding, treating, irrigation and in providing such
42 services;

43 (o) all sales of animals, fowl and aquatic plants and animals, the

1 primary purpose of which is use in agriculture or aquaculture, as defined in
2 K.S.A. 47-1901, and amendments thereto, the production of food for
3 human consumption, the production of animal, dairy, poultry or aquatic
4 plant and animal products, fiber or fur, or the production of offspring for
5 use for any such purpose or purposes;

6 (p) all sales of drugs dispensed pursuant to a prescription order by a
7 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
8 1626, and amendments thereto. As used in this subsection, "drug" means a
9 compound, substance or preparation and any component of a compound,
10 substance or preparation, other than food and food ingredients, dietary
11 supplements or alcoholic beverages, recognized in the official United
12 States pharmacopeia, official homeopathic pharmacopoeia of the United
13 States or official national formulary, and supplement to any of them,
14 intended for use in the diagnosis, cure, mitigation, treatment or prevention
15 of disease or intended to affect the structure or any function of the body,
16 except that for taxable years commencing after December 31, 2013, this
17 subsection shall not apply to any sales of drugs used in the performance or
18 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
19 thereto;

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

23 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
24 enteral feeding systems, prosthetic devices and mobility enhancing
25 equipment prescribed in writing by a person licensed to practice the
26 healing arts, dentistry or optometry, and in addition to such sales, all sales
27 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
28 and repair and replacement parts therefor, including batteries, by a person
29 licensed in the practice of dispensing and fitting hearing aids pursuant to
30 the provisions of K.S.A. 74-5808, and amendments thereto. For the
31 purposes of this subsection: (1) "Mobility enhancing equipment" means
32 equipment including repair and replacement parts to same, but does not
33 include durable medical equipment, which is primarily and customarily
34 used to provide or increase the ability to move from one place to another
35 and which is appropriate for use either in a home or a motor vehicle; is not
36 generally used by persons with normal mobility; and does not include any
37 motor vehicle or equipment on a motor vehicle normally provided by a
38 motor vehicle manufacturer; and (2) "prosthetic device" means a
39 replacement, corrective or supportive device including repair and
40 replacement parts for same worn on or in the body to artificially replace a
41 missing portion of the body, prevent or correct physical deformity or
42 malfunction or support a weak or deformed portion of the body;

43 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,

1 all sales of tangible personal property or services purchased directly or
2 indirectly by a groundwater management district organized or operating
3 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
4 by a rural water district organized or operating under the authority of
5 K.S.A. 82a-612, and amendments thereto, or by a water supply district
6 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
7 3522 et seq. or 19-3545, and amendments thereto, which property or
8 services are used in the construction activities, operation or maintenance of
9 the district;

10 (t) all sales of farm machinery and equipment or aquaculture
11 machinery and equipment, repair and replacement parts therefor and
12 services performed in the repair and maintenance of such machinery and
13 equipment. For the purposes of this subsection the term "farm machinery
14 and equipment or aquaculture machinery and equipment" shall include a
15 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
16 thereto, and is equipped with a bed or cargo box for hauling materials, and
17 shall also include machinery and equipment used in the operation of
18 Christmas tree farming but shall not include any passenger vehicle, truck,
19 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
20 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
21 machinery and equipment" includes precision farming equipment that is
22 portable or is installed or purchased to be installed on farm machinery and
23 equipment. "Precision farming equipment" includes the following items
24 used only in computer-assisted farming, ranching or aquaculture
25 production operations: Soil testing sensors, yield monitors, computers,
26 monitors, software, global positioning and mapping systems, guiding
27 systems, modems, data communications equipment and any necessary
28 mounting hardware, wiring and antennas. Each purchaser of farm
29 machinery and equipment or aquaculture machinery and equipment
30 exempted herein must certify in writing on the copy of the invoice or sales
31 ticket to be retained by the seller that the farm machinery and equipment
32 or aquaculture machinery and equipment purchased will be used only in
33 farming, ranching or aquaculture production. Farming or ranching shall
34 include the operation of a feedlot and farm and ranch work for hire and the
35 operation of a nursery;

36 (u) all leases or rentals of tangible personal property used as a
37 dwelling if such tangible personal property is leased or rented for a period
38 of more than 28 consecutive days;

39 (v) all sales of tangible personal property to any contractor for use in
40 preparing meals for delivery to homebound elderly persons over 60 years
41 of age and to homebound disabled persons or to be served at a group-
42 sitting at a location outside of the home to otherwise homebound elderly
43 persons over 60 years of age and to otherwise homebound disabled

1 persons, as all or part of any food service project funded in whole or in
2 part by government or as part of a private nonprofit food service project
3 available to all such elderly or disabled persons residing within an area of
4 service designated by the private nonprofit organization, and all sales of
5 tangible personal property for use in preparing meals for consumption by
6 indigent or homeless individuals whether or not such meals are consumed
7 at a place designated for such purpose, and all sales of food products by or
8 on behalf of any such contractor or organization for any such purpose;

9 (w) all sales of natural gas, electricity, heat and water delivered
10 through mains, lines or pipes: (1) To residential premises for
11 noncommercial use by the occupant of such premises; (2) for agricultural
12 use and also, for such use, all sales of propane gas; (3) for use in the
13 severing of oil; and (4) to any property which is exempt from property
14 taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this
15 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
16 and amendments thereto. For all sales of natural gas, electricity and heat
17 delivered through mains, lines or pipes pursuant to the provisions of
18 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
19 on December 31, 2005;

20 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
21 for the production of heat or lighting for noncommercial use of an
22 occupant of residential premises occurring prior to January 1, 2006;

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

27 (z) all sales of tangible personal property and services purchased
28 directly by a port authority or by a contractor therefor as provided by the
29 provisions of K.S.A. 12-3418, and amendments thereto;

30 (aa) all sales of materials and services applied to equipment that is
31 transported into the state from without the state for repair, service,
32 alteration, maintenance, remanufacture or modification and that is
33 subsequently transported outside the state for use in the transmission of
34 liquids or natural gas by means of pipeline in interstate or foreign
35 commerce under authority of the laws of the United States;

36 (bb) all sales of used mobile homes or manufactured homes. As used
37 in this subsection: (1) "Mobile homes" and "manufactured homes" mean
38 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)
39 "sales of used mobile homes or manufactured homes" means sales other
40 than the original retail sale thereof;

41 (cc) all sales of tangible personal property or services purchased prior
42 to January 1, 2012, except as otherwise provided, for the purpose of and in
43 conjunction with constructing, reconstructing, enlarging or remodeling a

1 business or retail business that meets the requirements established in
2 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
3 machinery and equipment purchased for installation at any such business
4 or retail business, and all sales of tangible personal property or services
5 purchased on or after January 1, 2012, for the purpose of and in
6 conjunction with constructing, reconstructing, enlarging or remodeling a
7 business that meets the requirements established in K.S.A. 74-50,115(e),
8 and amendments thereto, and the sale and installation of machinery and
9 equipment purchased for installation at any such business. When a person
10 shall contract for the construction, reconstruction, enlargement or
11 remodeling of any such business or retail business, such person shall
12 obtain from the state and furnish to the contractor an exemption certificate
13 for the project involved, and the contractor may purchase materials,
14 machinery and equipment for incorporation in such project. The contractor
15 shall furnish the number of such certificates to all suppliers from whom
16 such purchases are made, and such suppliers shall execute invoices
17 covering the same bearing the number of such certificate. Upon
18 completion of the project the contractor shall furnish to the owner of the
19 business or retail business a sworn statement, on a form to be provided by
20 the director of taxation, that all purchases so made were entitled to
21 exemption under this subsection. All invoices shall be held by the
22 contractor for a period of five years and shall be subject to audit by the
23 director of taxation. Any contractor or any agent, employee or
24 subcontractor thereof, who shall use or otherwise dispose of any materials,
25 machinery or equipment purchased under such a certificate for any
26 purpose other than that for which such a certificate is issued without the
27 payment of the sales or compensating tax otherwise imposed thereon, shall
28 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
29 to the penalties provided for in K.S.A. 79-3615(h), and amendments
30 thereto. As used in this subsection, "business" and "retail business" mean
31 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
32 exemption certificates that have been previously issued under this
33 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
34 and amendments thereto, but not including K.S.A. 74-50,115(e), and
35 amendments thereto, prior to January 1, 2012, and have not expired will
36 be effective for the term of the project or two years from the effective date of
37 the certificate, whichever occurs earlier. Project exemption certificates that
38 are submitted to the department of revenue prior to January 1, 2012, and
39 are found to qualify will be issued a project exemption certificate that will
40 be effective for a two-year period or for the term of the project, whichever
41 occurs earlier;

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

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

3 (ff) on and after July 1, 1988, all sales of new mobile homes or
4 manufactured homes to the extent of 40% of the gross receipts, determined
5 without regard to any trade-in allowance, received from such sale. As used
6 in this subsection, "mobile homes" and "manufactured homes" mean the
7 same as defined in K.S.A. 58-4202, and amendments thereto;

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

11 (hh) all sales of medical supplies and equipment, including durable
12 medical equipment, purchased directly by a nonprofit skilled nursing home
13 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
14 and amendments thereto, for the purpose of providing medical services to
15 residents thereof. This exemption shall not apply to tangible personal
16 property customarily used for human habitation purposes. As used in this
17 subsection, "durable medical equipment" means equipment including
18 repair and replacement parts for such equipment, that can withstand
19 repeated use, is primarily and customarily used to serve a medical purpose,
20 generally is not useful to a person in the absence of illness or injury and is
21 not worn in or on the body, but does not include mobility enhancing
22 equipment as defined in subsection (r), oxygen delivery equipment, kidney
23 dialysis equipment or enteral feeding systems;

24 (ii) all sales of tangible personal property purchased directly by a
25 nonprofit organization for nonsectarian comprehensive multidiscipline
26 youth development programs and activities provided or sponsored by such
27 organization, and all sales of tangible personal property by or on behalf of
28 any such organization. This exemption shall not apply to tangible personal
29 property customarily used for human habitation purposes;

30 (jj) all sales of tangible personal property or services, including the
31 renting and leasing of tangible personal property, purchased directly on
32 behalf of a community-based facility for people with intellectual disability
33 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
34 amendments thereto, and licensed in accordance with the provisions of
35 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
36 personal property or services purchased by contractors during the time
37 period from July, 2003, through June, 2006, for the purpose of
38 constructing, equipping, maintaining or furnishing a new facility for a
39 community-based facility for people with intellectual disability or mental
40 health center located in Riverton, Cherokee County, Kansas, that would
41 have been eligible for sales tax exemption pursuant to this subsection if
42 purchased directly by such facility or center. This exemption shall not
43 apply to tangible personal property customarily used for human habitation

1 purposes;

2 (kk) (1) (A) all sales of machinery and equipment that are used in this
3 state as an integral or essential part of an integrated production operation
4 by a manufacturing or processing plant or facility;

5 (B) all sales of installation, repair and maintenance services
6 performed on such machinery and equipment; and

7 (C) all sales of repair and replacement parts and accessories
8 purchased for such machinery and equipment.

9 (2) For purposes of this subsection:

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

20 (B) "production line" means the assemblage of machinery and
21 equipment at a manufacturing or processing plant or facility where the
22 actual transformation or processing of tangible personal property occurs;

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

34 (D) "manufacturing or processing business" means a business that
35 utilizes an integrated production operation to manufacture, process,
36 fabricate, finish or assemble items for wholesale and retail distribution as
37 part of what is commonly regarded by the general public as an industrial
38 manufacturing or processing operation or an agricultural commodity
39 processing operation. (i) Industrial manufacturing or processing operations
40 include, by way of illustration but not of limitation, the fabrication of
41 automobiles, airplanes, machinery or transportation equipment, the
42 fabrication of metal, plastic, wood or paper products, electricity power
43 generation, water treatment, petroleum refining, chemical production,

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

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

32 (F) "primary" or "primarily" mean more than 50% of the time.

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

36 (A) Receive, transport, convey, handle, treat or store raw materials in
37 preparation of its placement on the production line;

38 (B) transport, convey, handle or store the property undergoing
39 manufacturing or processing at any point from the beginning of the
40 production line through any warehousing or distribution operation of the
41 final product that occurs at the plant or facility;

42 (C) act upon, effect, promote or otherwise facilitate a physical change
43 to the property undergoing manufacturing or processing;

1 (D) guide, control or direct the movement of property undergoing
2 manufacturing or processing;

3 (E) test or measure raw materials, the property undergoing
4 manufacturing or processing or the finished product, as a necessary part of
5 the manufacturer's integrated production operations;

6 (F) plan, manage, control or record the receipt and flow of inventories
7 of raw materials, consumables and component parts, the flow of the
8 property undergoing manufacturing or processing and the management of
9 inventories of the finished product;

10 (G) produce energy for, lubricate, control the operating of or
11 otherwise enable the functioning of other production machinery and
12 equipment and the continuation of production operations;

13 (H) package the property being manufactured or processed in a
14 container or wrapping in which such property is normally sold or
15 transported;

16 (I) transmit or transport electricity, coke, gas, water, steam or similar
17 substances used in production operations from the point of generation, if
18 produced by the manufacturer or processor at the plant site, to that
19 manufacturer's production operation; or, if purchased or delivered from
20 off-site, from the point where the substance enters the site of the plant or
21 facility to that manufacturer's production operations;

22 (J) cool, heat, filter, refine or otherwise treat water, steam, acid, oil,
23 solvents or other substances that are used in production operations;

24 (K) provide and control an environment required to maintain certain
25 levels of air quality, humidity or temperature in special and limited areas
26 of the plant or facility, where such regulation of temperature or humidity is
27 part of and essential to the production process;

28 (L) treat, transport or store waste or other byproducts of production
29 operations at the plant or facility; or

30 (M) control pollution at the plant or facility where the pollution is
31 produced by the manufacturing or processing operation.

32 (4) The following machinery, equipment and materials shall be
33 deemed to be exempt even though it may not otherwise qualify as
34 machinery and equipment used as an integral or essential part of an
35 integrated production operation: (A) Computers and related peripheral
36 equipment that are utilized by a manufacturing or processing business for
37 engineering of the finished product or for research and development or
38 product design; (B) machinery and equipment that is utilized by a
39 manufacturing or processing business to manufacture or rebuild tangible
40 personal property that is used in manufacturing or processing operations,
41 including tools, dies, molds, forms and other parts of qualifying machinery
42 and equipment; (C) portable plants for aggregate concrete, bulk cement
43 and asphalt including cement mixing drums to be attached to a motor

1 vehicle; (D) industrial fixtures, devices, support facilities and special
2 foundations necessary for manufacturing and production operations, and
3 materials and other tangible personal property sold for the purpose of
4 fabricating such fixtures, devices, facilities and foundations. An exemption
5 certificate for such purchases shall be signed by the manufacturer or
6 processor. If the fabricator purchases such material, the fabricator shall
7 also sign the exemption certificate; (E) a manufacturing or processing
8 business' laboratory equipment that is not located at the plant or facility,
9 but that would otherwise qualify for exemption under subsection (3)(E);
10 (F) all machinery and equipment used in surface mining activities as
11 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
12 from the time a reclamation plan is filed to the acceptance of the
13 completed final site reclamation.

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

16 (A) Machinery and equipment used for nonproduction purposes,
17 including, but not limited to, machinery and equipment used for plant
18 security, fire prevention, first aid, accounting, administration, record
19 keeping, advertising, marketing, sales or other related activities, plant
20 cleaning, plant communications and employee work scheduling;

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

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

29 (D) office machines and equipment including computers and related
30 peripheral equipment not used directly and primarily to control or measure
31 the manufacturing process;

32 (E) furniture and other furnishings;

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

36 (G) building fixtures that are not integral to the manufacturing
37 operation, such as utility systems for heating, ventilation, air conditioning,
38 communications, plumbing or electrical;

39 (H) machinery and equipment used for general plant heating, cooling
40 and lighting;

41 (I) motor vehicles that are registered for operation on public
42 highways; or

43 (J) employee apparel, except safety and protective apparel that is

1 purchased by an employer and furnished gratuitously to employees who
2 are involved in production or research activities.

3 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings
4 of the machinery and equipment that qualify or do not qualify as an
5 integral or essential part of an integrated production operation. When
6 machinery or equipment is used as an integral or essential part of
7 production operations part of the time and for nonproduction purposes at
8 other times, the primary use of the machinery or equipment shall
9 determine whether or not such machinery or equipment qualifies for
10 exemption.

11 (7) The secretary of revenue shall adopt rules and regulations
12 necessary to administer the provisions of this subsection;

13 (ll) all sales of educational materials purchased for distribution to the
14 public at no charge by a nonprofit corporation organized for the purpose of
15 encouraging, fostering and conducting programs for the improvement of
16 public health, except that for taxable years commencing after December
17 31, 2013, this subsection shall not apply to any sales of such materials
18 purchased by a nonprofit corporation which performs any abortion, as
19 defined in K.S.A. 65-6701, and amendments thereto;

20 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
21 herbicides, germicides, pesticides and fungicides; and services, purchased
22 and used for the purpose of producing plants in order to prevent soil
23 erosion on land devoted to agricultural use;

24 (nn) except as otherwise provided in this act, all sales of services
25 rendered by an advertising agency or licensed broadcast station or any
26 member, agent or employee thereof;

27 (oo) all sales of tangible personal property purchased by a community
28 action group or agency for the exclusive purpose of repairing or
29 weatherizing housing occupied by low-income individuals;

30 (pp) all sales of drill bits and explosives actually utilized in the
31 exploration and production of oil or gas;

32 (qq) all sales of tangible personal property and services purchased by
33 a nonprofit museum or historical society or any combination thereof,
34 including a nonprofit organization that is organized for the purpose of
35 stimulating public interest in the exploration of space by providing
36 educational information, exhibits and experiences, that is exempt from
37 federal income taxation pursuant to section 501(c)(3) of the federal
38 internal revenue code of 1986;

39 (rr) all sales of tangible personal property that will admit the
40 purchaser thereof to any annual event sponsored by a nonprofit
41 organization that is exempt from federal income taxation pursuant to
42 section 501(c)(3) of the federal internal revenue code of 1986, except that
43 for taxable years commencing after December 31, 2013, this subsection

1 shall not apply to any sales of such tangible personal property purchased
2 by a nonprofit organization which performs any abortion, as defined in
3 K.S.A. 65-6701, and amendments thereto;

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

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

12 (uu) all sales of tangible personal property and services purchased by
13 or on behalf of any rural volunteer fire-fighting organization for use
14 exclusively in the performance of its duties and functions;

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

20 (1) The American heart association, Kansas affiliate, inc. for the
21 purposes of providing education, training, certification in emergency
22 cardiac care, research and other related services to reduce disability and
23 death from cardiovascular diseases and stroke;

24 (2) the Kansas alliance for the mentally ill, inc. for the purpose of
25 advocacy for persons with mental illness and to education, research and
26 support for their families;

27 (3) the Kansas mental illness awareness council for the purposes of
28 advocacy for persons who are mentally ill and for education, research and
29 support for them and their families;

30 (4) the American diabetes association Kansas affiliate, inc. for the
31 purpose of eliminating diabetes through medical research, public education
32 focusing on disease prevention and education, patient education including
33 information on coping with diabetes, and professional education and
34 training;

35 (5) the American lung association of Kansas, inc. for the purpose of
36 eliminating all lung diseases through medical research, public education
37 including information on coping with lung diseases, professional education
38 and training related to lung disease and other related services to reduce the
39 incidence of disability and death due to lung disease;

40 (6) the Kansas chapters of the Alzheimer's disease and related
41 disorders association, inc. for the purpose of providing assistance and
42 support to persons in Kansas with Alzheimer's disease, and their families
43 and caregivers;

- 1 (7) the Kansas chapters of the Parkinson's disease association for the
2 purpose of eliminating Parkinson's disease through medical research and
3 public and professional education related to such disease;
- 4 (8) the national kidney foundation of Kansas and western Missouri
5 for the purpose of eliminating kidney disease through medical research
6 and public and private education related to such disease;
- 7 (9) the heartstrings community foundation for the purpose of
8 providing training, employment and activities for adults with
9 developmental disabilities;
- 10 (10) the cystic fibrosis foundation, heart of America chapter, for the
11 purposes of assuring the development of the means to cure and control
12 cystic fibrosis and improving the quality of life for those with the disease;
- 13 (11) the spina bifida association of Kansas for the purpose of
14 providing financial, educational and practical aid to families and
15 individuals with spina bifida. Such aid includes, but is not limited to,
16 funding for medical devices, counseling and medical educational
17 opportunities;
- 18 (12) the CHWC, Inc., for the purpose of rebuilding urban core
19 neighborhoods through the construction of new homes, acquiring and
20 renovating existing homes and other related activities, and promoting
21 economic development in such neighborhoods;
- 22 (13) the cross-lines cooperative council for the purpose of providing
23 social services to low income individuals and families;
- 24 (14) the dreams work, inc., for the purpose of providing young adult
25 day services to individuals with developmental disabilities and assisting
26 families in avoiding institutional or nursing home care for a
27 developmentally disabled member of their family;
- 28 (15) the KSDS, Inc., for the purpose of promoting the independence
29 and inclusion of people with disabilities as fully participating and
30 contributing members of their communities and society through the
31 training and providing of guide and service dogs to people with
32 disabilities, and providing disability education and awareness to the
33 general public;
- 34 (16) the lyme association of greater Kansas City, Inc., for the purpose
35 of providing support to persons with lyme disease and public education
36 relating to the prevention, treatment and cure of lyme disease;
- 37 (17) the dream factory, inc., for the purpose of granting the dreams of
38 children with critical and chronic illnesses;
- 39 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
40 students and families with education and resources necessary to enable
41 each child to develop fine character and musical ability to the fullest
42 potential;
- 43 (19) the international association of lions clubs for the purpose of

1 creating and fostering a spirit of understanding among all people for
2 humanitarian needs by providing voluntary services through community
3 involvement and international cooperation;

4 (20) the Johnson county young matrons, inc., for the purpose of
5 promoting a positive future for members of the community through
6 volunteerism, financial support and education through the efforts of an all
7 volunteer organization;

8 (21) the American cancer society, inc., for the purpose of eliminating
9 cancer as a major health problem by preventing cancer, saving lives and
10 diminishing suffering from cancer, through research, education, advocacy
11 and service;

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

14 (23) the angel babies association, for the purpose of providing
15 assistance, support and items of necessity to teenage mothers and their
16 babies; and

17 (24) the Kansas fairgrounds foundation for the purpose of the
18 preservation, renovation and beautification of the Kansas state fairgrounds;

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

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

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

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

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

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

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

1 accounts and reports pursuant to vouchers approved by the director or the
2 director's designee;

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

8 (ccc) on and after July 1, 1999, all sales of tangible personal property
9 and services purchased by a primary care clinic or health center the
10 primary purpose of which is to provide services to medically underserved
11 individuals and families, and that is exempt from federal income taxation
12 pursuant to section 501(c)(3) of the federal internal revenue code, and all
13 sales of tangible personal property or services purchased by a contractor
14 for the purpose of constructing, equipping, reconstructing, maintaining,
15 repairing, enlarging, furnishing or remodeling facilities for any such clinic
16 or center that would be exempt from taxation under the provisions of this
17 section if purchased directly by such clinic or center, except that for
18 taxable years commencing after December 31, 2013, this subsection shall
19 not apply to any sales of such tangible personal property and services
20 purchased by a primary care clinic or health center which performs any
21 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
22 in this subsection shall be deemed to exempt the purchase of any
23 construction machinery, equipment or tools used in the constructing,
24 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
25 remodeling facilities for any such clinic or center. When any such clinic or
26 center shall contract for the purpose of constructing, equipping,
27 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
28 facilities, it shall obtain from the state and furnish to the contractor an
29 exemption certificate for the project involved, and the contractor may
30 purchase materials for incorporation in such project. The contractor shall
31 furnish the number of such certificate to all suppliers from whom such
32 purchases are made, and such suppliers shall execute invoices covering the
33 same bearing the number of such certificate. Upon completion of the
34 project the contractor shall furnish to such clinic or center concerned a
35 sworn statement, on a form to be provided by the director of taxation, that
36 all purchases so made were entitled to exemption under this subsection.
37 All invoices shall be held by the contractor for a period of five years and
38 shall be subject to audit by the director of taxation. If any materials
39 purchased under such a certificate are found not to have been incorporated
40 in the building or other project or not to have been returned for credit or
41 the sales or compensating tax otherwise imposed upon such materials that
42 will not be so incorporated in the building or other project reported and
43 paid by such contractor to the director of taxation not later than the 20th

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

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

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

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

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

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

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

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

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

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

1 joy and participate in a sharing of gifts, skills and friendship with their
2 families, other special olympics athletes and the community, and activities
3 provided or sponsored by such organization, and all sales of tangible
4 personal property by or on behalf of any such organization;

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

11 (nnn) all sales of tangible personal property and services purchased
12 by the west Sedgwick county-sunrise rotary club and sunrise charitable
13 fund for the purpose of constructing a boundless playground which is an
14 integrated, barrier free and developmentally advantageous play
15 environment for children of all abilities and disabilities;

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

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

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

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

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

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

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

41 (ttt) all sales of tangible personal property or services purchased by a
42 contractor for a project for the purpose of restoring, constructing,
43 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or

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

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

1 79-3615(h), and amendments thereto;

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

10 (www) all sales of tangible personal property purchased by or on
11 behalf of the Frontenac education foundation, which is exempt from
12 federal income taxation pursuant to section 501(c)(3) of the federal
13 internal revenue code, for the purpose of providing education support for
14 students, and all sales of any such property by or on behalf of such
15 organization for such purpose;

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

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

29 (yyy) all sales of tangible personal property and services purchased
30 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
31 which is exempt from federal income taxation pursuant to section 501(c)
32 (3) of the federal internal revenue code of 1986, and which such property
33 and services are used for the purpose of encouraging private philanthropy
34 to further the vision, values, and goals of TLC for children and families,
35 inc.; and all sales of such property and services by or on behalf of TLC
36 charities for any such purpose and all sales of tangible personal property or
37 services purchased by a contractor for the purpose of constructing,
38 maintaining, repairing, enlarging, furnishing or remodeling facilities for
39 the operation of services for TLC charities for any such purpose that would
40 be exempt from taxation under the provisions of this section if purchased
41 directly by TLC charities. Nothing in this subsection shall be deemed to
42 exempt the purchase of any construction machinery, equipment or tools
43 used in the constructing, maintaining, repairing, enlarging, furnishing or

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

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

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

42 (bbbb) all sales of entry or participation fees, charges or tickets by
43 Guadalupe health foundation, which is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
2 for such organization's annual fundraising event which purpose is to
3 provide health care services for uninsured workers;

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

13 (dddd) all sales of tangible personal property or services purchased
14 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
15 of which are exempt from federal income taxation pursuant to section
16 501(c)(3) of the federal internal revenue code, for the purpose of providing
17 education, training and employment opportunities for people with
18 disabilities and other barriers to employment;

19 (eeee) all sales of tangible personal property or services purchased by
20 or on behalf of all American beef battalion, inc., which is exempt from
21 federal income taxation pursuant to section 501(c)(3) of the federal
22 internal revenue code, for the purpose of educating, promoting and
23 participating as a contact group through the beef cattle industry in order to
24 carry out such projects that provide support and morale to members of the
25 United States armed forces and military services;

26 (ffff) all sales of tangible personal property and services purchased by
27 sheltered living, inc., which is exempt from federal income taxation
28 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
29 and which such property and services are used for the purpose of
30 providing residential and day services for people with developmental
31 disabilities or intellectual disability, or both, and all sales of any such
32 property by or on behalf of sheltered living, inc., for any such purpose; and
33 all sales of tangible personal property or services purchased by a
34 contractor for the purpose of rehabilitating, constructing, maintaining,
35 repairing, enlarging, furnishing or remodeling homes and facilities for
36 sheltered living, inc., for any such purpose that would be exempt from
37 taxation under the provisions of this section if purchased directly by
38 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
39 the purchase of any construction machinery, equipment or tools used in the
40 constructing, maintaining, repairing, enlarging, furnishing or remodeling
41 such homes and facilities for sheltered living, inc. When sheltered living,
42 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
43 repairing, enlarging, furnishing or remodeling such homes and facilities, it

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

29 (gggg) all sales of game birds for which the primary purpose is use in
30 hunting;

31 (hhhh) all sales of tangible personal property or services purchased
32 on or after July 1, 2014, for the purpose of and in conjunction with
33 constructing, reconstructing, enlarging or remodeling a business identified
34 under the North American industry classification system (NAICS)
35 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
36 installation of machinery and equipment purchased for installation at any
37 such business. The exemption provided in this subsection shall not apply
38 to projects that have actual total costs less than \$50,000. When a person
39 contracts for the construction, reconstruction, enlargement or remodeling
40 of any such business, such person shall obtain from the state and furnish to
41 the contractor an exemption certificate for the project involved, and the
42 contractor may purchase materials, machinery and equipment for
43 incorporation in such project. The contractor shall furnish the number of

1 such certificates to all suppliers from whom such purchases are made, and
2 such suppliers shall execute invoices covering the same bearing the
3 number of such certificate. Upon completion of the project, the contractor
4 shall furnish to the owner of the business a sworn statement, on a form to
5 be provided by the director of taxation, that all purchases so made were
6 entitled to exemption under this subsection. All invoices shall be held by
7 the contractor for a period of five years and shall be subject to audit by the
8 director of taxation. Any contractor or any agent, employee or
9 subcontractor of the contractor, who shall use or otherwise dispose of any
10 materials, machinery or equipment purchased under such a certificate for
11 any purpose other than that for which such a certificate is issued without
12 the payment of the sales or compensating tax otherwise imposed thereon,
13 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
14 subject to the penalties provided for in K.S.A. 79-3615(h), and
15 amendments thereto;

16 (iii) all sales of tangible personal property or services purchased by a
17 contractor for the purpose of constructing, maintaining, repairing,
18 enlarging, furnishing or remodeling facilities for the operation of services
19 for Wichita children's home for any such purpose that would be exempt
20 from taxation under the provisions of this section if purchased directly by
21 Wichita children's home. Nothing in this subsection shall be deemed to
22 exempt the purchase of any construction machinery, equipment or tools
23 used in the constructing, maintaining, repairing, enlarging, furnishing or
24 remodeling such facilities for Wichita children's home. When Wichita
25 children's home contracts for the purpose of constructing, maintaining,
26 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
27 from the state and furnish to the contractor an exemption certificate for the
28 project involved, and the contractor may purchase materials for
29 incorporation 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
32 number of such certificate. Upon completion of the project, the contractor
33 shall furnish to Wichita children's home a sworn statement, on a form to be
34 provided by the director of taxation, that all purchases so made were
35 entitled to exemption under this subsection. All invoices shall be held by
36 the contractor for a period of five years and shall be subject to audit by the
37 director of taxation. If any materials purchased under such a certificate are
38 found not to have been incorporated in the building or other project or not
39 to have been returned for credit or the sales or compensating tax otherwise
40 imposed upon such materials that 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 the
43 close of the month in which it shall be determined that such materials will

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

11 (jjjj) all sales of tangible personal property or services purchased by
12 or on behalf of the beacon, inc., that is exempt from federal income
13 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
14 for the purpose of providing those desiring help with food, shelter, clothing
15 and other necessities of life during times of special need;

16 (kkkk) all sales of tangible personal property and services purchased
17 by or on behalf of reaching out from within, inc., which is exempt from
18 federal income taxation pursuant to section 501(c)(3) of the federal
19 internal revenue code, for the purpose of sponsoring self-help programs for
20 incarcerated persons that will enable such incarcerated persons to become
21 role models for non-violence while in correctional facilities and productive
22 family members and citizens upon return to the community;

23 (llll) all sales of tangible personal property and services purchased by
24 Gove county healthcare endowment foundation, inc., which is exempt
25 from federal income taxation pursuant to section 501(c)(3) of the federal
26 internal revenue code of 1986, and which such property and services are
27 used for the purpose of constructing and equipping an airport in Quinter,
28 Kansas, and all sales of tangible personal property or services purchased
29 by a contractor for the purpose of constructing and equipping an airport in
30 Quinter, Kansas, for such organization, that would be exempt from
31 taxation under the provisions of this section if purchased directly by such
32 organization. Nothing in this subsection shall be deemed to exempt the
33 purchase of any construction machinery, equipment or tools used in the
34 constructing or equipping of facilities for such organization. When such
35 organization shall contract for the purpose of constructing or equipping an
36 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
37 contractor an exemption certificate for the project involved, and the
38 contractor may purchase materials for incorporation in such project. The
39 contractor shall furnish the number of such certificate to all suppliers from
40 whom such purchases are made, and such suppliers shall execute invoices
41 covering the same bearing the number of such certificate. Upon
42 completion of the project, the contractor shall furnish to such organization
43 concerned a sworn statement, on a form to be provided by the director of

1 taxation, that all purchases so made were entitled to exemption under this
2 subsection. All invoices shall be held by the contractor for a period of five
3 years and shall be subject to audit by the director of taxation. If any
4 materials purchased under such a certificate are found not to have been
5 incorporated in such facilities or not to have been returned for credit or the
6 sales or compensating tax otherwise imposed upon such materials that will
7 not be so incorporated in such facilities reported and paid by such
8 contractor to the director of taxation no later than the 20th day of the month
9 following the close of the month in which it shall be determined that such
10 materials will not be used for the purpose for which such certificate was
11 issued, such organization concerned shall be liable for tax on all materials
12 purchased for the project, and upon payment thereof it may recover the
13 same from the contractor together with reasonable attorney fees. Any
14 contractor or any agent, employee or subcontractor thereof, who purchased
15 under such a certificate for any purpose other than that for which such a
16 certificate is issued without the payment of the sales or compensating tax
17 otherwise imposed upon such materials, shall be guilty of a misdemeanor
18 and, upon conviction therefor, shall be subject to the penalties provided for
19 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
20 subsection shall expire and have no effect on and after July 1, 2019;

21 (mmmm) all sales of gold or silver coins; and palladium, platinum,
22 gold or silver bullion. For the purposes of this subsection, "bullion" means
23 bars, ingots or commemorative medallions of gold, silver, platinum,
24 palladium, or a combination thereof, for which the value of the metal
25 depends on its content and not the form;

26 (nnnn) all sales of tangible personal property or services purchased
27 by friends of hospice of Jefferson county, an organization that is exempt
28 from federal income taxation pursuant to section 501(c)(3) of the federal
29 internal revenue code of 1986, for the purpose of providing support to the
30 Jefferson county hospice agency in end-of-life care of Jefferson county
31 families, friends and neighbors, and all sales of entry or participation fees,
32 charges or tickets by friends of hospice of Jefferson county for such
33 organization's fundraising event for such purpose;

34 (oooo) all sales of tangible personal property or services purchased
35 for the purpose of and in conjunction with constructing, reconstructing,
36 enlarging or remodeling a qualified business facility by a qualified firm or
37 qualified supplier that meets the requirements established in K.S.A. 2024
38 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
39 been approved for a project exemption certificate by the secretary of
40 commerce, and the sale and installation of machinery and equipment
41 purchased by such qualified firm or qualified supplier for installation at
42 any such qualified business facility. When a person shall contract for the
43 construction, reconstruction, enlargement or remodeling of any such

1 qualified business facility, such person shall obtain from the state and
2 furnish to the contractor an exemption certificate for the project involved,
3 and the contractor may purchase materials, machinery and equipment for
4 incorporation in such project. The contractor shall furnish the number of
5 such certificates to all suppliers from whom such purchases are made, and
6 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 owner of the qualified firm or qualified supplier a
9 sworn statement, on a form to be provided by the director of taxation, that
10 all purchases so made were entitled to exemption under this subsection.
11 All invoices shall be held by the contractor for a period of five years and
12 shall be subject to audit by the director of taxation. Any contractor or any
13 agent, employee or subcontractor thereof who shall use or otherwise
14 dispose of any materials, machinery or equipment purchased under such a
15 certificate for any purpose other than that for which such a certificate is
16 issued without the payment of the sales or compensating tax otherwise
17 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
18 therefor, shall be subject to the penalties provided for in K.S.A. 79-
19 3615(h), and amendments thereto. As used in this subsection, "qualified
20 business facility," "qualified firm" and "qualified supplier" mean the same
21 as defined in K.S.A. 2024 Supp. 74-50,311, and amendments thereto;

22 (pppp) (1) all sales of tangible personal property or services
23 purchased by a not-for-profit corporation that is designated as an area
24 agency on aging by the secretary for aging and disabilities services and is
25 exempt from federal income taxation pursuant to section 501(c)(3) of the
26 federal internal revenue code for the purpose of coordinating and
27 providing seniors and those living with disabilities with services that
28 promote person-centered care, including home-delivered meals,
29 congregate meal settings, long-term case management, transportation,
30 information, assistance and other preventative and intervention services to
31 help service recipients remain in their homes and communities or for the
32 purpose of constructing, equipping, reconstructing, maintaining, repairing,
33 enlarging, furnishing or remodeling facilities for such area agency on
34 aging; and

35 (2) all sales of tangible personal property or services purchased by a
36 contractor for the purpose of constructing, equipping, reconstructing,
37 maintaining, repairing, enlarging, furnishing or remodeling facilities for an
38 area agency on aging that would be exempt from taxation under the
39 provisions of this section if purchased directly by such area agency on
40 aging. Nothing in this paragraph shall be deemed to exempt the purchase
41 of any construction machinery, equipment or tools used in the
42 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
43 furnishing or remodeling facilities for an area agency on aging. When an

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

32 (qqqq) all sales of tangible personal property or services purchased
33 by Kansas suicide prevention HQ, inc., an organization that is exempt
34 from federal income taxation pursuant to section 501(c)(3) of the federal
35 internal revenue code of 1986, for the purpose of bringing suicide
36 prevention training and awareness to communities across the state;

37 (rrrr) all sales of the services of slaughtering, butchering, custom
38 cutting, dressing, processing and packaging of an animal for human
39 consumption when the animal is delivered or furnished by a customer that
40 owns the animal and such meat or poultry is for use or consumption by
41 such customer;

42 (ssss) all sales of tangible personal property or services purchased by
43 or on behalf of doorstep inc., an organization that is exempt from federal

1 income taxation pursuant to section 501(c)(3) of the federal internal
2 revenue code of 1986, for the purpose of providing short-term emergency
3 aid to families and individuals in need, including assistance with food,
4 clothing, rent, prescription medications, transportation and utilities, and
5 providing information on services to promote long-term self-sufficiency;
6 (tttt) on and after January 1, 2024, all sales of tangible personal
7 property or services purchased by exploration place, inc., an organization
8 that is exempt from federal income taxation pursuant to section 501(c)(3)
9 of the federal internal revenue code, and which such property and services
10 are used for the purpose of constructing, remodeling, furnishing or
11 equipping a riverfront amphitheater, a destination playscape, an education
12 center and indoor renovations at exploration place in Wichita, Kansas, all
13 sales of tangible personal property or services purchased by Kansas
14 children's discovery center inc. in Topeka, Kansas, and which such
15 property and services are used for the purpose of constructing, remodeling,
16 furnishing or equipping projects that include indoor-outdoor classrooms,
17 an expanded multi-media gallery, a workshop and loading dock and safety
18 upgrades such as a tornado shelter, lactation room, first aid room and
19 sensory room and all sales of tangible personal property or services
20 purchased by a contractor for the purpose of constructing, remodeling,
21 furnishing or equipping such projects, for such organizations, that would
22 be exempt from taxation under the provisions of this section if purchased
23 directly by such organizations. Nothing in this subsection shall be deemed
24 to exempt the purchase of any construction machinery, equipment or tools
25 used in the constructing, remodeling, furnishing or equipping of facilities
26 for such organization. When such organization shall contract for the
27 purpose of constructing, remodeling, furnishing or equipping such
28 projects, it shall obtain from the state and furnish to the contractor an
29 exemption certificate for the project involved, and the contractor may
30 purchase materials for incorporation in such project. The contractor shall
31 furnish the number of such certificate to all suppliers from whom such
32 purchases are made, and such suppliers shall execute invoices covering the
33 same bearing the number of such certificate. Upon completion of the
34 project, the contractor shall furnish to such organization a sworn statement,
35 on a form to be provided by the director of taxation, that all purchases so
36 made were entitled to exemption under this subsection. All invoices shall
37 be held by the contractor for a period of five years and shall be subject to
38 audit by the director of taxation. If any materials purchased under such a
39 certificate are found not to have been incorporated in such facilities or not
40 to have been returned for credit or the sales or compensating tax otherwise
41 imposed upon such materials that will not be so incorporated in such
42 facilities reported and paid by such contractor to the director of taxation no
43 later than the 20th day of the month following the close of the month in

1 which it shall be determined that such materials will not be used for the
2 purpose for which such certificate was issued, such organization shall be
3 liable for tax on all materials purchased for the project, and upon payment
4 thereof may recover the same from the contractor together with reasonable
5 attorney fees. Any contractor or agent, employee or subcontractor thereof,
6 who purchased under such a certificate for any purpose other than that for
7 which such a certificate is issued without the payment of the sales or
8 compensating tax otherwise imposed upon such materials, shall be guilty
9 of a misdemeanor and, upon conviction therefor, shall be subject to the
10 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
11 Sales tax paid on and after January 1, 2024, but prior to the effective date
12 of this act, upon the gross receipts received from any sale exempted by the
13 amendatory provisions of this subsection shall be refunded. Each claim for
14 a sales tax refund shall be verified and submitted to the director of taxation
15 upon forms furnished by the director and shall be accompanied by any
16 additional documentation required by the director. The director shall
17 review each claim and shall refund that amount of sales tax paid as
18 determined under the provisions of this subsection. All refunds shall be
19 paid from the sales tax refund fund upon warrants of the director of
20 accounts and reports pursuant to vouchers approved by the director or the
21 director's designee. The provisions of this subsection shall expire and have
22 no effect on and after December 31, 2030;

23 (uuuu) (1) (A) all sales of equipment, machinery, software, ancillary
24 components, appurtenances, accessories or other infrastructure purchased
25 for use in the provision of communications services; and

26 (B) all services purchased by a provider in the provision of the
27 communications service used in the repair, maintenance or installation in
28 such communications service.

29 (2) As used in this subsection:

30 (A) "Communications service" means internet access service,
31 telecommunications service, video service or any combination thereof.

32 (B) "Equipment, machinery, software, ancillary components,
33 appurtenances, accessories or other infrastructure" includes, but is not
34 limited to:

35 (i) Wires, cables, fiber, conduits, antennas, poles, switches, routers,
36 amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,
37 transmitters, circuit cards, insulating and protective materials and cases,
38 power equipment, backup power equipment, diagnostic equipment, storage
39 devices, modems, cable modem termination systems and servers;

40 (ii) other general central office or headend equipment, such as
41 channel cards, frames and cabinets;

42 (iii) equipment used in successor technologies, including items used
43 to monitor, test, maintain, enable or facilitate qualifying equipment,

1 machinery, software, ancillary components, appurtenances and
2 accessories; and

3 (iv) other infrastructure that is used in whole or in part to provide
4 communications services, including broadcasting, distributing, sending,
5 receiving, storing, transmitting, retransmitting, amplifying, switching,
6 providing connectivity for or routing communications services.

7 (C) "Internet access service" means the same as internet access as
8 defined in section 1105 of the internet tax freedom act amendments of
9 2007, public law 110-108.

10 (D) "Provider" means a person or entity that sells communications
11 service, including an affiliate or subsidiary.

12 (E) "Telecommunications service" means the same as defined in
13 K.S.A. 79-3602, and amendments thereto.

14 (F) "Video service" means the same as defined in K.S.A. 12-2022,
15 and amendments thereto.

16 (3) The provisions of this subsection shall expire and have no effect
17 on and after July 1, 2029;

18 (vvvv) (1) all sales of tangible personal property or services
19 purchased by a contractor for the purpose of constructing, equipping,
20 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
21 a building that is operated by, or is intended to be operated by, the Kansas
22 fairgrounds foundation, a not-for-profit corporation exempt from federal
23 income taxation pursuant to section 501(c)(3) of the federal internal
24 revenue code of 1986, and located on the grounds of the Kansas state fair,
25 and such tangible personal property would be exempt from taxation under
26 the provisions of this paragraph if purchased directly by such eligible not-
27 for-profit corporation. Nothing in this subsection shall be deemed to
28 exempt the purchase of any construction machinery, equipment or tools
29 used in the constructing, equipping, reconstructing, maintaining, repairing,
30 enlarging, furnishing or remodeling a building for such eligible not-for-
31 profit corporation. When such eligible not-for-profit corporation contracts
32 for the purpose of constructing, equipping, reconstructing, maintaining,
33 repairing, enlarging, furnishing or remodeling a building, such corporation
34 shall obtain from the state and furnish to the contractor an exemption
35 certificate for the project involved, and such contractor may purchase
36 materials for incorporation in such project. The contractor shall furnish the
37 number of such certificate to all suppliers from whom such purchases are
38 made, and such suppliers shall execute invoices covering such purchases
39 bearing the number of such certificate. Upon completion of the project, the
40 contractor shall furnish to such eligible not-for-profit corporation a sworn
41 statement, on a form to be provided by the director of taxation, that all
42 purchases so made were entitled to exemption under this subsection. All
43 invoices shall be held by the contractor for a period of five years and shall

1 be subject to audit by the director of taxation. If any materials purchased
2 under such a certificate are found not to have been incorporated in the
3 building or returned for credit, the contractor shall report and pay the sales
4 or compensating tax to the director of taxation not later than the 20th day of
5 the month following the close of the month in which it is determined that
6 such materials will not be used for the purpose for which such certificate
7 was issued. The eligible not-for-profit corporation concerned shall be
8 liable for tax on all materials purchased for the project, and upon payment
9 thereof, the eligible not-for-profit corporation may recover the same from
10 the contractor together with reasonable attorney fees. Any contractor or
11 any agent, employee or subcontractor thereof who shall use or otherwise
12 dispose of any materials purchased under such a certificate for any purpose
13 other than that for which such a certificate is issued without the payment
14 of 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 K.S.A. 79-3615(h), and
17 amendments thereto.

18 (2) Sales tax paid on and after May 19, 2023, but prior to the effective
19 date of this act upon the gross receipts received from any sale which would
20 have been exempted by the provisions of this subsection had such sale
21 occurred after the effective date of this act shall be refunded. Each claim
22 for a sales tax refund shall be verified and submitted to the director of
23 taxation upon forms furnished by the director and shall be accompanied by
24 any additional documentation required by the director. The director shall
25 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 the
29 director's designee; ~~and~~

30 (www) (1) all sales of tangible personal property or services
31 purchased by a pregnancy resource center or residential maternity facility.

32 (2) As used in this subsection, "pregnancy resource center" or
33 "residential maternity facility" means an organization that is:

34 (A) Exempt from federal income taxation pursuant to section 501(c)
35 (3) of the federal internal revenue code of 1986;

36 (B) a nonprofit organization organized under the laws of this state;
37 and

38 (C) a pregnancy resource center or residential maternity facility that:

39 (i) Maintains a dedicated phone number for clients;

40 (ii) maintains in this state its primary physical office, clinic or
41 residential home that is open for clients for a minimum of 20 hours per
42 week, excluding state holidays;

43 (iii) offers services, at no cost to the client, for the express purpose of

1 providing assistance to women in order to carry their pregnancy to term,
2 encourage parenting or adoption, prevent abortion and promote healthy
3 childbirth; and

4 (iv) utilizes trained healthcare providers, as defined by K.S.A. 2024
5 Supp. 79-32,316, and amendments thereto, to perform any available
6 medical procedures; and

7 *(xxxx) (1) all sales of tangible personal property or services*
8 *constituting production or postproduction expenditures purchased for the*
9 *purpose of a certified project by a production company that meets the*
10 *requirements established in section 3, and amendments thereto, and that*
11 *has been approved for a project exemption certificate by the secretary of*
12 *commerce and the sale or installation of machinery and equipment and the*
13 *construction, maintenance, repair or modification of sets, props or scenery*
14 *or other facilities, constituting production or postproduction expenditures*
15 *by such production company for use in this state for a certified project.*
16 *Such sales tax exemptions may be prioritized or limited by the secretary of*
17 *commerce as provided by section 3, and amendments thereto. **The***
18 ***aggregate total amount of sales exempt from tax pursuant to this***
19 ***subsection shall not exceed \$1,000,000 per year per production company***
20 ***including any contractors of the production company pursuant to***
21 ***paragraph (2).***

22 *(2) When a production company contracts for construction,*
23 *reconstruction, enlargement or remodeling of any facility for purposes of a*
24 *certified project that constitutes a production or postproduction*
25 *expenditure, the production company shall obtain from the state and*
26 *furnish to the contractor an exemption certificate for the certified project,*
27 *and the contractor may purchase materials, machinery and equipment for*
28 *incorporation in such project. The contractor shall furnish the number of*
29 *such certificates to all suppliers from whom such purchases are made, and*
30 *such suppliers shall execute invoices covering such purchases bearing the*
31 *number of such certificate. Upon completion of the work, the contractor*
32 *shall furnish to the owner of the production company a sworn statement,*
33 *on a form to be provided by the director of taxation, that all purchases so*
34 *made were entitled to exemption under this subsection and section 3, and*
35 *amendments thereto. All invoices shall be held by the contractor for a*
36 *period of five years and subject to audit by the director of taxation. If any*
37 *materials purchased under such a certificate are found not to have been*
38 *incorporated in facilities or returned for credit, the contractor shall report*
39 *and pay the sales or compensating tax on such materials to the director of*
40 *taxation not later than the 20th day of the month following the close of the*
41 *month in which a determination is made that such materials will not be*
42 *used for the purpose for which such certificate was issued. If the*
43 *contractor fails to make such payment for such materials to the director of*

1 *taxation, the production company concerned shall be liable for tax on all*
2 *such materials purchased for the project, and upon payment thereof, the*
3 *production company may recover the amount of the tax paid from the*
4 *contractor together with reasonable attorney fees. Any contractor or any*
5 *agent, employee or subcontractor thereof who uses or otherwise disposes*
6 *of any materials, machinery or equipment purchased under such a*
7 *certificate for any purpose other than that for which such a certificate is*
8 *issued without the payment of the sales or compensating tax otherwise*
9 *imposed thereon shall be guilty of an unclassified misdemeanor and, upon*
10 *conviction therefor, shall be subject to the penalties provided for in K.S.A.*
11 *79-3615(h), and amendments thereto.*

12 *(3) As used in this subsection, "certified project," "postproduction*
13 *expenditure," "production company" and "production expenditure" mean*
14 *the same as defined in section 2, and amendments thereto.*

15 Sec. 8. K.S.A. 2024 Supp. 79-3606 is hereby repealed.

16 Sec. 9. This act shall take effect and be in force from and after its
17 publication in the statute book.