

**SENATE BILL No. 196**

By Committee on Assessment and Taxation

2-11

1 AN ACT concerning taxation; relating to IMPACT program, withholding,  
2 requirements, limitations; income tax deductions, expensing of  
3 investment expenditures; income tax credits; sales tax exemptions;  
4 creating job creation program fund, administration, expenditures;  
5 amending K.S.A. 2010 Supp. 74-50,104, 74-50,106, 74-50,107, 74-  
6 50,109, 74-50,110, 74-50,111, 74-50,132, 79-32,160a, 79-32,206 and  
7 79-3606 and repealing the existing sections; also repealing K.S.A.  
8 2010 Supp. 74-50,151 and 74-50,152.

9  
10 *Be it enacted by the Legislature of the State of Kansas:*

11 New Section 1. (a) There is hereby created in the state treasury the  
12 job creation program fund. The secretary of commerce, in consultation  
13 with the secretary of revenue and the governor, shall administer the fund.  
14 All expenditures from the fund shall be for the purpose of promoting job  
15 creation and economic development by funding projects related to: (1)  
16 Major expansion of an existing Kansas commercial enterprise;

17 (2) potential location in Kansas of the operations of major employer;

18 (3) award of a significant federal or private sector grant which has a  
19 financial matching requirement;

20 (4) potential departure from Kansas or the substantial reduction of  
21 the operations of a major Kansas employer;

22 (5) training or retraining activities for employees in Kansas  
23 companies;

24 (6) potential closure or substantial reduction of the operations of a  
25 major state or federal institution;

26 (7) projects in counties with at least a 10% population decline during  
27 the period from 2000 to 2010; or

28 (8) other unique economic development opportunities.

29 (b) All expenditures from the fund shall be for the purposes  
30 described in subsection (a) and shall be made in accordance with  
31 appropriation acts upon warrants of the director of accounts and reports  
32 issued pursuant to vouchers approved by the secretary of commerce or  
33 the secretary's designee.

34 New Sec. 2. (a) For taxable years beginning after December 31,  
35 2011, a taxpayer may elect to take an expense deduction from Kansas  
36 taxable income allocated or apportioned to this state for the cost of the

1 following property placed in service in this state during the taxable year:

2 (1) Tangible property eligible for depreciation under the modified  
3 accelerated cost recovery system in section 168 of the internal revenue  
4 code, as amended, but not including residential rental property,  
5 nonresidential real property, any railroad grading or tunnel bore or any  
6 other property with an applicable recovery period in excess of 25 years as  
7 defined under section 168(c) or (g) of the internal revenue code, as  
8 amended; and (2) computer software as defined in section 197(e)(3)(B) of  
9 the internal revenue code, as amended, and as described in section 197(e)  
10 (3)(A)(i) of the internal revenue code, as amended, to which section 167  
11 of the internal revenue code, as amended, applies. If such election is  
12 made, the amount of expense deduction for such cost shall equal the  
13 difference between the depreciable cost of such property for federal  
14 income tax purposes and the amount of bonus depreciation being claimed  
15 for such property pursuant to section 168(k) of the internal revenue code,  
16 as amended, for federal income tax purposes in such tax year, but without  
17 regard to any expense deduction being claimed for such property under  
18 section 179 of the internal revenue code, as amended, multiplied by the  
19 applicable factor, determined by using, the table provided in subsection  
20 (f), based on the method of depreciation selected pursuant to section  
21 168(b)(1), (2), or (3) or (g) of the internal revenue code, as amended, and  
22 the applicable recovery period for such property as defined under section  
23 168(c) or (g) of the internal revenue code, as amended. This election shall  
24 be made by the due date of the original return, including any extensions,  
25 and may be made only for the taxable year in which the property is placed  
26 in service, and once made, shall be irrevocable.

27 (b) If the amount of expense deduction calculated pursuant to  
28 subsection (a) exceeds the taxpayer's Kansas taxable income allocated or  
29 apportioned to this state, such excess amount may be carried forward for  
30 deduction in the succeeding taxable year or years until the total of such  
31 amount is used.

32 (c) If the property for which an expense deduction is taken pursuant  
33 to subsection (a) is subsequently sold during the applicable recovery  
34 period for such property as defined under section 168(c) of the internal  
35 revenue code, as amended, and in a manner that would cause recapture of  
36 any previously taken expense or depreciation deductions for federal  
37 income tax purposes, or if the situs of such property is otherwise changed  
38 such that the property is relocated outside the state of Kansas during such  
39 applicable recovery period, then the expense deduction determined  
40 pursuant to subsection (a) shall be subject to recapture and treated as  
41 Kansas taxable income allocated to this state. The amount of recapture  
42 shall be the Kansas expense deduction determined pursuant to subsection  
43 (a) multiplied by a fraction, the numerator of which is the number of

1 years remaining in the applicable recovery period for such property as  
 2 defined under section 168(c) or (g) of the internal revenue code, as  
 3 amended, after such property is sold or removed from the state including  
 4 the year of such disposition, and the denominator of which is the total  
 5 number of years in such applicable recovery period.

6 (d) The situs of tangible property for purposes of claiming and  
 7 recapture of the expense deduction shall be the physical location of such  
 8 property. If such property is mobile, the situs shall be the physical  
 9 location of the business operations from where such property is used or  
 10 based. The situs of computer software shall be apportioned to Kansas  
 11 based on the fraction, the numerator of which is the number of the  
 12 taxpayer’s users located in Kansas of licenses for such computer software  
 13 used in the active conduct of the taxpayer’s business operations, and the  
 14 denominator of which is the total number of the taxpayer’s users of the  
 15 licenses for such computer software used in the active conduct of the  
 16 taxpayer’s business operations everywhere.

17 (e) Any member of a unitary group filing a combined report may  
 18 elect to take an expense deduction pursuant to subsection (a) for an  
 19 investment in property made by any member of the combined group,  
 20 provided that the amount calculated pursuant to subsection (a) may only  
 21 be deducted from the Kansas taxable income allocated to or apportioned  
 22 to this state by such member making the election.

23 (f) The following table shall be used in determining the expense  
 24 deduction calculated pursuant to subsection (a):

	Factors	
IRC§168	IRC§168(b)(1) IRC§168(b)(3) or (g)	IRC§168(b)(2)
Recover Period (year)	Depreciation Method Depreciation Method	Depreciation Method
25 2.5	* .092	.077
26 3	.075	.091 .10
27 6		
28 3.5	* .116	.102
29 4	* .129	.114
30 5	.116	.135 .15
31 0		
32 6	* .170	.154
33 6.5	*	.163
34	.179	

1	7	.151	.173 .19
2	0		
3	7.5	*	.181
4		.199	
5	8	*	.191
6		.208	
7	8.5	*	.199
8		.217	
9	9	*	.208
10		.226	
11	9.5	*	.216
12		.235	
13	10	.198	.224 .24
14	4		
15	10.5	*	.232
16		.252	
17	11	*	.240
18		.261	
19	11.5	*	.248
20		.269	
21	12	*	.256
22		.277	
23	12.5	*	.263
24		.285	
25	13	*	.271
26		.293	
27	13.5	*	.278
28		.300	
29	14	*	.285
30		.308	
31	15	*	.299
32		.323	
33	16	*	.313
34		.337	
35	16.5	*	.319
36		.344	
37	17	*	.326
38		.351	
39	18	*	.339
40		.365	
41	19	*	.351
42		.378	
43	20	*	.363

1		.391	
2	22	*	.386
3		.415	
4	24	*	.408
5		.438	
6	25	*	.419
7		.449	

8 (g) If a taxpayer elects to expense any investment pursuant to  
 9 subsection (a), such taxpayer shall not be eligible for any tax credit,  
 10 accelerated depreciation, or deduction for such investment allowed  
 11 pursuant to K.S.A. 2010 Supp. 79-32,160a(e), 79-32,182b, 79-32,201,  
 12 79-32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-  
 13 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-  
 14 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and  
 15 amendments thereto.

16 New Sec. 3. Except as otherwise provided, for taxable years  
 17 commencing after December 31, 2011, no credits may be earned through  
 18 the Kansas enterprise zone act, K.S.A. 79-32,160a; or the job expansion  
 19 and investment tax credit act, K.S.A. 79-32,153. Any carry forward credit  
 20 that has been earned through the Kansas enterprise zone act, K.S.A. 79-  
 21 32,160a, and is remaining after December 31, 2011, may be carried  
 22 forward to succeeding taxable years as long as all requirements continue  
 23 to be met. Any credit that has been earned through the job expansion and  
 24 investment tax credit act, K.S.A. 79-32,153, with years left in  
 25 recomputing the credit after December 31, 2011, may continue for the  
 26 remainder of the nine-year period as long as all requirements continue to  
 27 be met.

28 Sec. 4. K.S.A. 2010 Supp. 74-50,104 is hereby amended to read as  
 29 follows: 74-50,104. (a) The secretary shall administer the provisions of  
 30 this act and the IMPACT program established thereunder. The secretary  
 31 shall encourage Kansas basic enterprises with similar training needs to  
 32 cooperate in establishing SKILL projects. The secretary shall coordinate  
 33 the SKILL program with other job training programs administered by the  
 34 department of commerce. The secretary shall provide opportunities for  
 35 coordination and cooperation of SKILL projects with other job training  
 36 activities in Kansas. Subject to the limitation in K.S.A. 74-50,103, *and*  
 37 *amendments thereto*, the secretary shall be authorized to make direct  
 38 investments in educational and related workforce development  
 39 institutions, for the purpose of promoting improvements in workforce  
 40 development, human capital, training expertise, infrastructure and job  
 41 retention.

42 (b) The secretary shall adopt rules and regulations as follows: (1)  
 43 Prescribing review standards and priorities for approval of proposed

1 agreements under this act, including appropriate incentives for  
2 cooperation among projects, in order to maximize the number of new  
3 jobs created or retained with respect to individual Kansas basic  
4 enterprises, which will remain in Kansas; and (2) prescribing limits on  
5 program costs and on project and program size in relation to the number  
6 of new jobs created and wages of new or retained jobs. No agreement  
7 shall be approved which provides for program costs of a project under the  
8 agreement of more than 95% of the amount equal to the estimated rate of  
9 withholding tax applied to the estimated amount of gross wages of all the  
10 new or retained jobs under the project over a ten-year period, *except that*  
11 *this provision shall not apply to any project funded from the job creation*  
12 *program fund.*

13 (c) Notice of the approval of a project or program and an annual  
14 report of the number of jobs created or retained under the IMPACT act  
15 shall be provided to the chairpersons of the senate committee on  
16 commerce and the committee on economic development of the house of  
17 representatives.

18 (d) The secretary may adopt such other rules and regulations as may  
19 be required for the implementation and administration of this act.

20 Sec. 5. K.S.A. 2010 Supp. 74-50,106 is hereby amended to read as  
21 follows: 74-50,106. (a) The secretary of commerce shall review  
22 applications for proposed agreements submitted by employers in  
23 accordance with the standards and guidelines prescribed by this act and  
24 by rules and regulations adopted under K.S.A. 74-50,104, and  
25 amendments thereto. Each application for approval of a proposed  
26 agreement shall be accompanied by information about the number and  
27 wages of the new or retained jobs created by the employer,  
28 documentation of existing training activities of the employer and such  
29 other information as may be required by the secretary of commerce.

30 (b) The secretary of commerce may pool the funding requirements  
31 of projects which are the subject of proposed agreements to determine the  
32 funding requirements of the IMPACT projects under consideration to  
33 facilitate the issuance of bonds by the Kansas development finance  
34 authority.

35 (c) The secretary of commerce is hereby authorized to expend funds  
36 raised pursuant to this act on major project investments. The secretary  
37 shall adopt guidelines consistent with this act concerning firm eligibility  
38 for major project investments and shall otherwise administer the major  
39 project investment portion of the IMPACT act.

40 (d) In order for an employer to be eligible for a major project  
41 investment, the employer must:

42 (1) Annually make an investment in training and education of the  
43 employer's employees that exceeds 2% of the employer's total annual

1 payroll costs; or

2 (2) agree that a portion of any funds available under the agreement  
3 be spent directly on employee education and training.

4 (e) An employer not creating new jobs shall be eligible to participate  
5 in the IMPACT program if the employer meets the following criteria: (1)  
6 Maintains a minimum of 250 retained jobs if located in a metropolitan  
7 statistical area or a minimum of 100 retained jobs if located in a  
8 nonmetropolitan statistical area; and (2) the secretary of commerce finds  
9 that the program or project will be a major factor in the Kansas basic  
10 enterprise remaining in Kansas, *except that this subsection shall not*  
11 *apply to any project funded from the job creation program fund.*

12 Sec. 6. K.S.A. 2010 Supp. 74-50,107 is hereby amended to read as  
13 follows: 74-50,107. ~~(a) The secretary shall determine and from time to~~  
14 ~~time shall redetermine the rate at which moneys shall be credited to the~~  
15 ~~IMPACT program repayment fund in order to satisfy all bond repayment~~  
16 ~~obligations which have been incurred to finance program costs for~~  
17 ~~IMPACT programs, which shall be referred to as the debt service rate,~~  
18 ~~and the rate at which moneys shall be credited to the IMPACT program~~  
19 ~~services fund in order to finance program costs that are not financed by~~  
20 ~~bonds, which shall be referred to as the direct funding rate. The total of~~  
21 ~~the debt service rate and the direct funding rate shall be the combined~~  
22 ~~rate. Each rate so determined shall be certified to the secretary of revenue.~~  
23 ~~The combined rate determined under this subsection shall not exceed 2%.~~

24 ~~(b) Upon receipt of the rates determined and certified under~~  
25 ~~subsection (a), the secretary of revenue shall apply daily the combined~~  
26 ~~rate to that portion of the moneys withheld from the wages of individuals~~  
27 ~~and collected under the Kansas withholding and declaration of estimated~~  
28 ~~tax act K.S.A. 79-3294 et seq., and amendments thereto. The amount so~~  
29 ~~determined shall be credited as follows: (1) The portion attributable to the~~  
30 ~~debt service rate shall be credited to the IMPACT program repayment~~  
31 ~~fund, and (2) the remaining portion shall be credited to the IMPACT~~  
32 ~~program services fund.~~

33 ~~The aggregate of all amounts credited to the IMPACT program~~  
34 ~~repayment fund under this section during any fiscal year to pay bond~~  
35 ~~repayment obligations on bonds to finance major project investments~~  
36 ~~shall not exceed the amount which results when the rate of 2% is applied~~  
37 ~~to all money withheld from the wages of individuals and received under~~  
38 ~~the Kansas withholding and declaration of estimated tax act.(a)~~

1 Commencing July 1, 2011, the secretary of revenue shall apply a rate of  
2 2% to that portion of moneys withheld from the wages of individuals and  
3 collected under the Kansas withholding and declaration of estimated tax  
4 act, K.S.A. 79-3294 et seq., and amendments thereto. The amount so  
5 determined shall be credited as follows: (1) An amount necessary to meet  
6 obligations of the debt services for the IMPACT program repayment fund;  
7 and (2) an amount to the IMPACT program services fund as needed for  
8 program administration; and (3) any remaining amounts to the job  
9 creation program fund created pursuant to section 1, and amendments  
10 thereto.

11 (b) Commencing July 1, 2011, and on an annual basis  
12 thereafter, the secretary of revenue shall determine the amount equal to  
13 the amount of savings realized from the elimination, modification or  
14 limitation of subsection (g) of section 2, section 3, section 4, K.S.A. 79-  
15 32,206 and subsection (cc) of K.S.A. 79-3606, and amendments thereto.  
16 Whereupon such amount of savings in accordance with appropriation  
17 acts shall be remitted to the state treasurer in accordance with the  
18 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
19 each such remittance, the state treasurer shall deposit the entire amount  
20 to the credit of the job creation program fund created pursuant to section  
21 1, and amendments thereto. In addition, such other amount or amounts of  
22 many may be transferred from the state general fund or any other fund or



1 *funds in the state treasury to the job creation program fund in*  
2 *accordance with appropriation acts.*

3 Sec. 7. K.S.A. 2010 Supp. 74-50,109 is hereby amended to read as  
4 follows: 74-50,109. (a) There is hereby created in the state treasury the  
5 IMPACT program repayment fund. The secretary of commerce shall  
6 administer the IMPACT program repayment fund. Except as provided in  
7 subsection (c), all moneys credited to the IMPACT program repayment  
8 fund shall be to make payments to the Kansas development finance  
9 authority for payment of costs relating to the retirement of bonds issued  
10 to finance projects approved by the secretary of commerce under this act,  
11 including but not limited to the principal of and interest on such bonds  
12 and the expenses of issuance. All expenditures from the IMPACT  
13 program repayment fund shall be made in accordance with appropriations  
14 acts upon warrants of the director of accounts and reports issued pursuant  
15 to vouchers approved by the secretary of commerce or the secretary's  
16 designee.

17 (b) Upon request of the secretary of commerce, the director of  
18 accounts and reports shall establish one or more reserve accounts in the  
19 IMPACT program repayment fund to secure one or more issues of bonds  
20 issued by the Kansas development finance authority for the purposes of  
21 this act.

22 (c) On June 30 of each year, any unencumbered balance in the  
23 IMPACT program repayment fund which is not required for payment of  
24 such expenses during the ensuing fiscal year, including any such expenses  
25 associated with proposed ~~investments~~*investment* agreements and bond  
26 issues under consideration for such fiscal year, and which is not credited  
27 to any reserve account in the fund, as certified by the secretary of  
28 commerce to the director of accounts and reports, shall be transferred by  
29 the director of accounts and reports from the IMPACT program  
30 repayment fund to the IMPACT program services fund *or the job*  
31 *creation program fund.*

32 Sec. 8. K.S.A. 2010 Supp. 74-50,110 is hereby amended to read as  
33 follows: 74-50,110. *Except as otherwise provided,* the activities of the  
34 secretary of commerce in administering and performing the powers,  
35 duties and functions prescribed by the provisions of this act and providing  
36 moneys for IMPACT programs from the proceeds of bonds issued by the  
37 Kansas development finance authority are hereby approved for the  
38 purposes of subsection (b) of K.S.A. 74-8905, and amendments thereto,  
39 and the authorization of the issuance of such bonds by the Kansas  
40 development finance authority in accordance with that statute. The  
41 provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto,

1 shall not prohibit the issuance of bonds for such purposes when so  
2 authorized and any such issuance of bonds is exempt from the provisions  
3 of subsection (a) of K.S.A. 74-8905, and amendments thereto. *No bonds*  
4 *shall be issued for IMPACT projects after December 31, 2011.*

5 Sec. 9. K.S.A. 2010 Supp. 74-50,111 is hereby amended to read as  
6 follows: 74-50,111. The secretary of commerce shall annually report on  
7 activities under the IMPACT act, pursuant to K.S.A. 74-5049, and  
8 amendments thereto. Each report shall contain information regarding the  
9 number and characteristics of the new jobs created or jobs retained in  
10 Kansas for which SKILL projects or major project investments have been  
11 financed under this act, including a report on any such new or retained  
12 jobs which do not continue to exist and the circumstances and effect of  
13 any such discontinuances, *and activities of the department related to*  
14 *administration of the job creation program fund and the funding of*  
15 *projects thereunder.*

16 Sec. 10. K.S.A. 2010 Supp. 74-50,132 is hereby amended to  
17 read as follows: 74-50,132. (a) For taxable years commencing after  
18 December 31, 1997, *and before January 1, 2017*, a qualified firm shall be  
19 entitled to a credit against the tax imposed by the Kansas income tax act,  
20 the premium tax or privilege fee imposed pursuant to K.S.A. 40-252, and  
21 amendments thereto, or the privilege tax as measured by net income of  
22 financial institutions imposed pursuant to chapter 79, article 11 of the  
23 Kansas Statutes Annotated, *and amendments thereto*, in an amount equal  
24 to the portion of the qualified business facility cash investment in the  
25 training and education of the firm's employees that exceeds 2% of the  
26 firm's total payroll costs. The maximum amount of the credit that may be  
27 claimed by a single corporate taxpayer in any single tax year under this  
28 section shall not exceed \$50,000. Tax credits earned by a qualified  
29 business under this section must be claimed in their entirety in the tax

1 year eligible.

2 (b) For tax years commencing after December 31, 2005, any  
3 taxpayer claiming credits pursuant to this section, as a condition for  
4 claiming and qualifying for such credits, shall provide information  
5 pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto, as  
6 part of the tax return in which such credits are claimed. Such credits shall  
7 not be denied solely on the basis of the contents of the information  
8 provided by the taxpayer pursuant to K.S.A. 2010 Supp. 79-32,243, and  
9 amendments thereto.

10 Sec. 11. K.S.A. 2010 Supp. 79-32,160a is hereby amended to read as  
11 follows: 79-32,160a. (a) For taxable years commencing after December  
12 31, 1999, *and before January 1, 2012*, any taxpayer who shall invest in a  
13 qualified business facility, as defined in subsection (b) of K.S.A. 79-  
14 32,154, and amendments thereto, and effective for tax years commencing  
15 after December 31, 2010, *and before January 1, 2012*, located in an area  
16 other than a metropolitan county as defined in either K.S.A. 2010 Supp.  
17 74-50,114 or 74-50,211, and amendments thereto, and also meets the  
18 definition of a business in subsection (b) of K.S.A. 74-50,114, and  
19 amendments thereto, shall be allowed a credit for such investment, in an  
20 amount determined under subsection (b) or (c), as the case requires,  
21 against the tax imposed by the Kansas income tax act or where the  
22 qualified business facility is the principal place from which the trade or  
23 business of the taxpayer is directed or managed and the facility has  
24 facilitated the creation of at least 20 new full-time positions, against the  
25 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
26 amendments thereto, or as measured by the net income of financial  
27 institutions imposed pursuant to chapter 79, article 11 of the Kansas  
28 Statutes Annotated, for the taxable year during which commencement of  
29 commercial operations, as defined in subsection (f) of K.S.A. 79-32,154,  
30 and amendments thereto, occurs at such qualified business facility. In the  
31 case of a taxpayer who meets the definition of a manufacturing business  
32 in subsection (d) of K.S.A. 74-50,114, and amendments thereto, no credit  
33 shall be allowed under this section unless the number of qualified  
34 business facility employees, as determined under subsection (d) of K.S.A.  
35 79-32,154, and amendments thereto, engaged or maintained in  
36 employment at the qualified business facility as a direct result of the  
37 investment by the taxpayer for the taxable year for which the credit is  
38 claimed equals or exceeds two. In the case of a taxpayer who meets the  
39 definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-  
40 50,114, and amendments thereto, no credit shall be allowed under this  
41 section unless the number of qualified business facility employees, as  
42 determined under subsection (d) of K.S.A. 79-32,154, and amendments

1 thereto, engaged or maintained in employment at the qualified business  
2 facility as a direct result of the investment by the taxpayer for the taxable  
3 year for which the credit is claimed equals or exceeds five. Where an  
4 employee performs services for the taxpayer outside the qualified  
5 business facility, the employee shall be considered engaged or maintained  
6 in employment at the qualified business facility if: (1) The employee's  
7 service performed outside the qualified business facility is incidental to  
8 the employee's service inside the qualified business facility; or (2) the  
9 base of operations or, the place from which the service is directed or  
10 controlled, is at the qualified business facility.

11 (b) The credit allowed by subsection (a) for any taxpayer who  
12 invests in a qualified business facility which is located in a designated  
13 nonmetropolitan region established under K.S.A. 74-50,116, and  
14 amendments thereto, on or after the effective date of this act, shall be a  
15 portion of the income tax imposed by the Kansas income tax act on the  
16 taxpayer's Kansas taxable income, the premium tax or privilege fees  
17 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the  
18 privilege tax as measured by the net income of financial institutions  
19 imposed pursuant to chapter 79, article 11 of the Kansas Statutes  
20 Annotated, *and amendments thereto*, for the taxable year for which such  
21 credit is allowed, but in the case where the qualified business facility  
22 investment was made prior to January 1, 1996, not in excess of 50% of  
23 such tax. Such portion shall be an amount equal to the sum of the  
24 following:

25 (1) Two thousand five hundred dollars for each qualified business  
26 facility employee determined under K.S.A. 79-32,154, and amendments  
27 thereto; plus

28 (2) one thousand dollars for each \$100,000, or major fraction  
29 thereof, which shall be deemed to be 51% or more, in qualified business  
30 facility investment, as determined under K.S.A. 79-32,154, and  
31 amendments thereto.

32 (c) The credit allowed by subsection (a) for any taxpayer who  
33 invests in a qualified business facility, which is not located in a  
34 nonmetropolitan region established under K.S.A. 74-50,116, and  
35 amendments thereto, and effective for tax years commencing after  
36 December 31, 2010, *and before January 1, 2012*, located in an area other  
37 than a metropolitan county as defined in either K.S.A. 2010 Supp. 74-  
38 50,114 or 74-50,211, and amendments thereto, and which also meets the  
39 definition of business in subsection (b) of K.S.A. 74-50,114, and  
40 amendments thereto, on or after the effective date of this act, shall be a  
41 portion of the income tax imposed by the Kansas income tax act on the  
42 taxpayer's Kansas taxable income, the premium tax or privilege fees  
43 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the

1 privilege tax as measured by the net income of financial institutions  
2 imposed pursuant to chapter 79, article 11 of the Kansas Statutes  
3 Annotated, *and amendments thereto*, for the taxable year for which such  
4 credit is allowed, but in the case where the qualified business facility  
5 investment was made prior to January 1, 1996, not in excess of 50% of  
6 such tax. Such portion shall be an amount equal to the sum of the  
7 following:

8 (1) One thousand five hundred dollars for each qualified business  
9 facility employee as determined under K.S.A. 79-32,154, and  
10 amendments thereto; and

11 (2) one thousand dollars for each \$100,000, or major fraction  
12 thereof, which shall be deemed to be 51% or more, in qualified business  
13 facility investment as determined under K.S.A. 79-32,154, and  
14 amendments thereto.

15 (d) The credit allowed by subsection (a) for each qualified business  
16 facility employee and for qualified business facility investment shall be a  
17 one-time credit. If the amount of the credit allowed under subsection (a)  
18 exceeds the tax imposed by the Kansas income tax act on the taxpayer's  
19 Kansas taxable income, the premium tax and privilege fees imposed  
20 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax  
21 as measured by the net income of financial institutions imposed pursuant  
22 to chapter 79, article 11 of the Kansas Statutes Annotated, *and*  
23 *amendments thereto*, for the taxable year, or in the case where the  
24 qualified business facility investment was made prior to January 1, 1996,  
25 50% of such tax imposed upon the amount which exceeds such tax  
26 liability or such portion thereof may be carried over for credit in the same  
27 manner in the succeeding taxable years until the total amount of such  
28 credit is used. Except that, before the credit is allowed, a taxpayer, who  
29 meets the definition of a manufacturing business in subsection (d) of  
30 K.S.A. 74-50,114, and amendments thereto, shall recertify annually that  
31 the net increase of a minimum of two qualified business facility  
32 employees has continued to be maintained and a taxpayer, who meets the  
33 definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-  
34 50,114, and amendments thereto, shall recertify annually that the net  
35 increase of a minimum of five qualified business employees has  
36 continued to be maintained.

37 (e) Notwithstanding the foregoing provisions of this section, *and*  
38 *except as otherwise provided in this subsection, for any tax year*  
39 *commencing before January 1, 2017*, any taxpayer qualified and certified  
40 under the provisions of K.S.A. 74-50,131, and amendments thereto;  
41 which, prior to making a commitment to invest in a qualified Kansas  
42 business, has filed a certificate of intent to invest in a qualified business  
43 facility in a form satisfactory to the secretary of commerce; and that has

1 received written approval from the secretary of commerce for  
2 participation and has participated, during the tax year for which the  
3 exemption is claimed, in the Kansas industrial training, Kansas industrial  
4 retraining or the state of Kansas investments in lifelong learning program  
5 or is eligible for the tax credit established in K.S.A. 74-50,132, and  
6 amendments thereto, shall be entitled to a credit in an amount equal to  
7 10% of that portion of the qualified business facility investment which  
8 exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)  
9 (2) without regard to the number of qualified business facility employees  
10 engaged or maintained in employment at the qualified business facility.  
11 *For tax years beginning on or after January 1, 2012, and before January*  
12 *1, 2017, such credit shall be in an amount equal to 10% of that portion of*  
13 *the qualified business facility investment which exceeds \$5,000,000. Any*  
14 *taxpayer who has filed an application to be certified under K.S.A. 74-*  
15 *50,131, and amendments thereto, is qualified and certified under such*  
16 *provision and has commenced work on the project prior to December 31,*  
17 *2011, may claim credits under K.S.A. 74-50,131, 74-50,132 and*  
18 *subsection (e) of 79-32,160a, and amendments thereto, in an amount*  
19 *equal to 10% of that portion of the qualified business facility investment*  
20 *which exceeds \$50,000. Timing modifications may be authorized at the*  
21 *discretion of the secretary of commerce and the secretary of revenue*  
22 *during the transition period.* The credit allowed by this subsection shall  
23 be a one-time credit. If the amount thereof exceeds the tax imposed by the  
24 Kansas income tax act on the taxpayer's Kansas taxable income or the  
25 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
26 amendments thereto, or the privilege tax as measured by net income of  
27 financial institutions imposed pursuant to chapter 79, article 11 of the  
28 Kansas Statutes Annotated, *and amendments thereto*, for the taxable year,  
29 the amount thereof which exceeds such tax liability may be carried  
30 forward for credit in the succeeding taxable year or years until the total  
31 amount of the tax credit is used, except that no such tax credit shall be  
32 carried forward for deduction after the 10th taxable year succeeding the  
33 taxable year in which such credit initially was claimed and no carry  
34 forward shall be allowed for deduction in any succeeding taxable year  
35 unless the taxpayer continued to be qualified and was recertified for such  
36 succeeding taxable year pursuant to K.S.A. 74-50,131, and amendments  
37 thereto.

38 (f) For tax years commencing after December 31, 2005, any  
39 taxpayer claiming credits pursuant to this section, as a condition for  
40 claiming and qualifying for such credits, shall provide information  
41 pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto, as  
42 part of the tax return in which such credits are claimed. Such credits shall  
43 not be denied solely on the basis of the contents of the information

1 provided by the taxpayer pursuant to K.S.A. 2010 Supp. 79-32,243, and  
2 amendments thereto.

3 (g) This section and K.S.A. 79-32,160b, and amendments thereto,  
4 shall be part of and supplemental to the job expansion and investment  
5 credit act of 1976 and ~~acts amendatory thereof and~~  
6 ~~supplemental amendments~~ thereto.

7 Sec. 12. K.S.A. 2010 Supp. 79-32,206 is hereby amended to read as  
8 follows: 79-32,206. For all taxable years commencing after December 31,  
9 2001, *and before January 1, 2012*, there shall be allowed as a credit  
10 against the tax liability of a taxpayer imposed under the Kansas income  
11 tax act, the premiums tax upon insurance companies imposed pursuant to  
12 K.S.A. 40-252, and amendments thereto, and the privilege tax as  
13 measured by net income of financial institutions imposed pursuant to  
14 article 11 of chapter 79 of the Kansas Statutes Annotated, *and*  
15 *amendments thereto*, an amount equal to 15% of the property tax levied  
16 for property tax years 2002, 2003 and 2004, 20% of the property tax  
17 levied for property tax years 2005 and 2006, and 25% of the property tax  
18 levied for property tax year 2007, and all such years thereafter, actually  
19 and timely paid during an income or privilege taxable year upon  
20 commercial and industrial machinery and equipment classified for  
21 property taxation purposes pursuant to section 1 of article 11 of the  
22 Kansas constitution in subclass (5) or (6) of class 2, machinery and  
23 equipment classified for such purposes in subclass (2) of class 2. For all  
24 taxable years commencing after December 31, 2004, *and before January*  
25 *1, 2012*, there shall be allowed as a credit against the tax liability of a  
26 taxpayer imposed under the Kansas income tax act an amount equal to  
27 20% of the property tax levied for property tax years 2005 and 2006, and  
28 25% of the property tax levied for property tax year 2007 and all such  
29 years thereafter, actually and timely paid during an income taxable year  
30 upon railroad machinery and equipment classified for property tax  
31 purposes pursuant to section 1 of article 11 of the Kansas constitution in  
32 subclass (3) of class 2. If the amount of such tax credit exceeds the  
33 taxpayer's income tax liability for the taxable year, the amount thereof  
34 which exceeds such tax liability shall be refunded to the taxpayer. If the  
35 taxpayer is a corporation having an election in effect under subchapter S  
36 of the federal internal revenue code, a partnership or a limited liability  
37 company, the credit provided by this section shall be claimed by the  
38 shareholders of such corporation, the partners of such partnership or the  
39 members of such limited liability company in the same manner as such  
40 shareholders, partners or members account for their proportionate shares  
41 of the income or loss of the corporation, partnership or limited liability  
42 company. The secretary of revenue shall adopt rules and regulations  
43 regarding the filing of documents that support the amount of credit

1 claimed pursuant to this section.

2 Sec. 13. K.S.A. 2010 Supp. 79-3606 is hereby amended to read as  
3 follows: 79-3606. The following shall be exempt from the tax imposed by  
4 this act:

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

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

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

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



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

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

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

1 purchases so made were entitled to exemption under this subsection. As  
2 an alternative to the foregoing procedure, any such contracting entity may  
3 apply to the secretary of revenue for agent status for the sole purpose of  
4 issuing and furnishing project exemption certificates to contractors  
5 pursuant to rules and regulations adopted by the secretary establishing  
6 conditions and standards for the granting and maintaining of such status.  
7 All invoices shall be held by the contractor for a period of five years and  
8 shall be subject to audit by the director of taxation. Any contractor or any  
9 agent, employee or subcontractor thereof, who shall use or otherwise  
10 dispose of any materials purchased under such a certificate for any  
11 purpose other than that for which such a certificate is issued without the  
12 payment of the sales or compensating tax otherwise imposed upon such  
13 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
14 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
15 79-3615, and amendments thereto;

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

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

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

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

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

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

43 (l) all isolated or occasional sales of tangible personal property,

1 services, substances or things, except isolated or occasional sale of motor  
2 vehicles specifically taxed under the provisions of subsection (o) of  
3 K.S.A. 79-3603, and amendments thereto;

4 (m) all sales of tangible personal property which become an  
5 ingredient or component part of tangible personal property or services  
6 produced, manufactured or compounded for ultimate sale at retail within  
7 or without the state of Kansas; and any such producer, manufacturer or  
8 compounder may obtain from the director of taxation and furnish to the  
9 supplier an exemption certificate number for tangible personal property  
10 for use as an ingredient or component part of the property or services  
11 produced, manufactured or compounded;

12 (n) all sales of tangible personal property which is consumed in the  
13 production, manufacture, processing, mining, drilling, refining or  
14 compounding of tangible personal property, the treating of by-products or  
15 wastes derived from any such production process, the providing of  
16 services or the irrigation of crops for ultimate sale at retail within or  
17 without the state of Kansas; and any purchaser of such property may  
18 obtain from the director of taxation and furnish to the supplier an  
19 exemption certificate number for tangible personal property for  
20 consumption in such production, manufacture, processing, mining,  
21 drilling, refining, compounding, treating, irrigation and in providing such  
22 services;

23 (o) all sales of animals, fowl and aquatic plants and animals, the  
24 primary purpose of which is use in agriculture or aquaculture, as defined  
25 in K.S.A. 47-1901, and amendments thereto, the production of food for  
26 human consumption, the production of animal, dairy, poultry or aquatic  
27 plant and animal products, fiber or fur, or the production of offspring for  
28 use for any such purpose or purposes;

29 (p) all sales of drugs dispensed pursuant to a prescription order by a  
30 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
31 1626, and amendments thereto. As used in this subsection, "drug" means  
32 a compound, substance or preparation and any component of a  
33 compound, substance or preparation, other than food and food  
34 ingredients, dietary supplements or alcoholic beverages, recognized in the  
35 official United States pharmacopoeia, official homeopathic  
36 pharmacopoeia of the United States or official national formulary, and  
37 supplement to any of them, intended for use in the diagnosis, cure,  
38 mitigation, treatment or prevention of disease or intended to affect the  
39 structure or any function of the body;

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

43 (r) all sales of oxygen delivery equipment, kidney dialysis

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

21 (s) except as provided in K.S.A. 2010 Supp. 82a-2101, and  
22 amendments thereto, all sales of tangible personal property or services  
23 purchased directly or indirectly by a groundwater management district  
24 organized or operating under the authority of K.S.A. 82a-1020 et seq.,  
25 and amendments thereto, by a rural water district organized or operating  
26 under the authority of K.S.A. 82a-612, and amendments thereto, or by a  
27 water supply district organized or operating under the authority of K.S.A.  
28 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto,  
29 which property or services are used in the construction activities,  
30 operation or maintenance of the district;

31 (t) all sales of farm machinery and equipment or aquaculture  
32 machinery and equipment, repair and replacement parts therefor and  
33 services performed in the repair and maintenance of such machinery and  
34 equipment. For the purposes of this subsection the term "farm machinery  
35 and equipment or aquaculture machinery and equipment" shall include a  
36 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
37 thereto, and is equipped with a bed or cargo box for hauling materials,  
38 and shall also include machinery and equipment used in the operation of  
39 Christmas tree farming but shall not include any passenger vehicle, truck,  
40 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as  
41 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm  
42 machinery and equipment" includes precision farming equipment that is  
43 portable or is installed or purchased to be installed on farm machinery

1 and equipment. "Precision farming equipment" includes the following  
2 items used only in computer-assisted farming, ranching or aquaculture  
3 production operations: Soil testing sensors, yield monitors, computers,  
4 monitors, software, global positioning and mapping systems, guiding  
5 systems, modems, data communications equipment and any necessary  
6 mounting hardware, wiring and antennas. Each purchaser of farm  
7 machinery and equipment or aquaculture machinery and equipment  
8 exempted herein must certify in writing on the copy of the invoice or  
9 sales ticket to be retained by the seller that the farm machinery and  
10 equipment or aquaculture machinery and equipment purchased will be  
11 used only in farming, ranching or aquaculture production. Farming or  
12 ranching shall include the operation of a feedlot and farm and ranch work  
13 for hire and the operation of a nursery;

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

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

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

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

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

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

8 (aa) all sales of materials and services applied to equipment which is  
9 transported into the state from without the state for repair, service,  
10 alteration, maintenance, remanufacture or modification and which is  
11 subsequently transported outside the state for use in the transmission of  
12 liquids or natural gas by means of pipeline in interstate or foreign  
13 commerce under authority of the laws of the United States;

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

19 (cc) all sales of tangible personal property or services

20 purchased *prior to January 1, 2012, except as otherwise provided*, for the

21 purpose of and in conjunction with constructing, reconstructing, enlarging

22 or remodeling a business or retail business which meets the requirements

23 established in K.S.A. 74-50,115, and amendments thereto, and the sale

24 and installation of machinery and equipment purchased for installation at

25 any such business or retail business, *and all sales of tangible personal*

26 *property or services purchased on or after January 1, 2012, and before*

27 *January 1, 2017, for the purpose of and in conjunction with constructing,*

28 *reconstructing, enlarging or remodeling a business which meets the*

29 *requirements established in K.S.A. 74-50,115(e), and amendments*

30 *thereto, and the sale and installation of machinery and equipment*

31 *purchased for installation at any such business.* When a person shall

1 contract for the construction, reconstruction, enlargement or remodeling  
2 of any such business or retail business, such person shall obtain from the  
3 state and furnish to the contractor an exemption certificate for the project  
4 involved, and the contractor may purchase materials, machinery and  
5 equipment for incorporation in such project. The contractor shall furnish  
6 the number of such certificates to all suppliers from whom such  
7 purchases are made, and such suppliers shall execute invoices covering  
8 the same bearing the number of such certificate. Upon completion of the  
9 project the contractor shall furnish to the owner of the business or retail  
10 business 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  
13 five years and shall be subject to audit by the director of taxation. Any  
14 contractor or any agent, employee or subcontractor thereof, who shall use  
15 or otherwise dispose of any materials, machinery or equipment purchased  
16 under such a certificate for any purpose other than that for which such a  
17 certificate is issued without the payment of the sales or compensating tax  
18 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon  
19 conviction therefor, shall be subject to the penalties provided for in  
20 subsection (g) of K.S.A. 79-3615, and amendments thereto. As used in  
21 this subsection, "business" and "retail business" have the meanings  
22 respectively ascribed thereto by K.S.A. 74-50,114, and amendments



1 thereto. *Project exemption certificates that have been previously issued*  
2 *under this subsection by the department of revenue pursuant to K.S.A.*  
3 *74-50,115, and amendments thereto, but not including K.S.A. 74-*  
4 *50,115(c), and amendments thereto, prior to January 1, 2012, and have*  
5 *not expired will be effective for the term of the project or two years from*  
6 *the effective date of the certificate, whichever occurs earlier. Project*  
7 *exemption certificates that are submitted to the department of revenue*  
8 *prior to January 1, 2012, and are found to qualify will be issued a project*  
9 *exemption certificate that will be effective for a two-year period or for*  
10 *the term of the project, whichever occurs earlier;*

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

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

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

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

24 (hh) all sales of medical supplies and equipment, including durable  
25 medical equipment, purchased directly by a nonprofit skilled nursing  
26 home or nonprofit intermediate nursing care home, as defined by K.S.A.  
27 39-923, and amendments thereto, for the purpose of providing medical  
28 services to residents thereof. This exemption shall not apply to tangible  
29 personal property customarily used for human habitation purposes. As  
30 used in this subsection, "durable medical equipment" means equipment  
31 including repair and replacement parts for such equipment, which can  
32 withstand repeated use, is primarily and customarily used to serve a  
33 medical purpose, generally is not useful to a person in the absence of

1 illness or injury and is not worn in or on the body, but does not include  
2 mobility enhancing equipment as defined in subsection (r), oxygen  
3 delivery equipment, kidney dialysis equipment or enteral feeding  
4 systems;

5 (ii) all sales of tangible personal property purchased directly by a  
6 nonprofit organization for nonsectarian comprehensive multidiscipline  
7 youth development programs and activities provided or sponsored by  
8 such organization, and all sales of tangible personal property by or on  
9 behalf of any such organization. This exemption shall not apply to  
10 tangible personal property customarily used for human habitation  
11 purposes;

12 (jj) all sales of tangible personal property or services, including the  
13 renting and leasing of tangible personal property, purchased directly on  
14 behalf of a community-based mental retardation facility or mental health  
15 center organized pursuant to K.S.A. 19-4001 et seq., and amendments  
16 thereto, and licensed in accordance with the provisions of K.S.A. 75-  
17 3307b, and amendments thereto and all sales of tangible personal  
18 property or services purchased by contractors during the time period from  
19 July, 2003, through June, 2006, for the purpose of constructing,  
20 equipping, maintaining or furnishing a new facility for a community-  
21 based mental retardation facility or mental health center located in  
22 Riverton, Cherokee County, Kansas, which would have been eligible for  
23 sales tax exemption pursuant to this subsection if purchased directly by  
24 such facility or center. This exemption shall not apply to tangible personal  
25 property customarily used for human habitation purposes;

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

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

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

33 (2) For purposes of this subsection:

34 (A) "Integrated production operation" means an integrated series of  
35 operations engaged in at a manufacturing or processing plant or facility to  
36 process, transform or convert tangible personal property by physical,  
37 chemical or other means into a different form, composition or character  
38 from that in which it originally existed. Integrated production operations  
39 shall include: (i) Production line operations, including packaging  
40 operations; (ii) preproduction operations to handle, store and treat raw  
41 materials; (iii) post production handling, storage, warehousing and  
42 distribution operations; and (iv) waste, pollution and environmental  
43 control operations, if any;

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

4 (C) "manufacturing or processing plant or facility" means a single,  
5 fixed location owned or controlled by a manufacturing or processing  
6 business that consists of one or more structures or buildings in a  
7 contiguous area where integrated production operations are conducted to  
8 manufacture or process tangible personal property to be ultimately sold at  
9 retail. Such term shall not include any facility primarily operated for the  
10 purpose of conveying or assisting in the conveyance of natural gas,  
11 electricity, oil or water. A business may operate one or more  
12 manufacturing or processing plants or facilities at different locations to  
13 manufacture or process a single product of tangible personal property to  
14 be ultimately sold at retail;

15 (D) "manufacturing or processing business" means a business that  
16 utilizes an integrated production operation to manufacture, process,  
17 fabricate, finish, or assemble items for wholesale and retail distribution as  
18 part of what is commonly regarded by the general public as an industrial  
19 manufacturing or processing operation or an agricultural commodity  
20 processing operation. (i) Industrial manufacturing or processing  
21 operations include, by way of illustration but not of limitation, the  
22 fabrication of automobiles, airplanes, machinery or transportation  
23 equipment, the fabrication of metal, plastic, wood, or paper products,  
24 electricity power generation, water treatment, petroleum refining,  
25 chemical production, wholesale bottling, newspaper printing, ready  
26 mixed concrete production, and the remanufacturing of used parts for  
27 wholesale or retail sale. Such processing operations shall include  
28 operations at an oil well, gas well, mine or other excavation site where  
29 the oil, gas, minerals, coal, clay, stone, sand or gravel that has been  
30 extracted from the earth is cleaned, separated, crushed, ground, milled,  
31 screened, washed, or otherwise treated or prepared before its transmission  
32 to a refinery or before any other wholesale or retail distribution. (ii)  
33 Agricultural commodity processing operations include, by way of  
34 illustration but not of limitation, meat packing, poultry slaughtering and  
35 dressing, processing and packaging farm and dairy products in sealed  
36 containers for wholesale and retail distribution, feed grinding, grain  
37 milling, frozen food processing, and grain handling, cleaning, blending,  
38 fumigation, drying and aeration operations engaged in by grain elevators  
39 or other grain storage facilities. (iii) Manufacturing or processing  
40 businesses do not include, by way of illustration but not of limitation,  
41 nonindustrial businesses whose operations are primarily retail and that  
42 produce or process tangible personal property as an incidental part of  
43 conducting the retail business, such as retailers who bake, cook or prepare

1 food products in the regular course of their retail trade, grocery stores,  
2 meat lockers and meat markets that butcher or dress livestock or poultry  
3 in the regular course of their retail trade, contractors who alter, service,  
4 repair or improve real property, and retail businesses that clean, service or  
5 refurbish and repair tangible personal property for its owner;

6 (E) "repair and replacement parts and accessories" means all parts  
7 and accessories for exempt machinery and equipment, including, but not  
8 limited to, dies, jigs, molds, patterns and safety devices that are attached  
9 to exempt machinery or that are otherwise used in production, and parts  
10 and accessories that require periodic replacement such as belts, drill bits,  
11 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
12 other refractory items for exempt kiln equipment used in production  
13 operations;

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

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

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

20 (B) to transport, convey, handle or store the property undergoing  
21 manufacturing or processing at any point from the beginning of the  
22 production line through any warehousing or distribution operation of the  
23 final product that occurs at the plant or facility;

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

26 (D) to guide, control or direct the movement of property undergoing  
27 manufacturing or processing;

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

31 (F) to plan, manage, control or record the receipt and flow of  
32 inventories of raw materials, consumables and component parts, the flow  
33 of the property undergoing manufacturing or processing and the  
34 management of inventories of the finished product;

35 (G) to produce energy for, lubricate, control the operating of or  
36 otherwise enable the functioning of other production machinery and  
37 equipment and the continuation of production operations;

38 (H) to package the property being manufactured or processed in a  
39 container or wrapping in which such property is normally sold or  
40 transported;

41 (I) to transmit or transport electricity, coke, gas, water, steam or  
42 similar substances used in production operations from the point of  
43 generation, if produced by the manufacturer or processor at the plant site,

1 to that manufacturer's production operation; or, if purchased or delivered  
2 from offsite, from the point where the substance enters the site of the  
3 plant or facility to that manufacturer's production operations;

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

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

10 (L) to treat, transport or store waste or other byproducts of  
11 production operations at the plant or facility; or

12 (M) to control pollution at the plant or facility where the pollution is  
13 produced by the manufacturing or processing operation.

14 (4) The following machinery, equipment and materials shall be  
15 deemed to be exempt even though it may not otherwise qualify as  
16 machinery and equipment used as an integral or essential part of an  
17 integrated production operation: (A) Computers and related peripheral  
18 equipment that are utilized by a manufacturing or processing business for  
19 engineering of the finished product or for research and development or  
20 product design; (B) machinery and equipment that is utilized by a  
21 manufacturing or processing business to manufacture or rebuild tangible  
22 personal property that is used in manufacturing or processing operations,  
23 including tools, dies, molds, forms and other parts of qualifying  
24 machinery and equipment; (C) portable plants for aggregate concrete,  
25 bulk cement and asphalt including cement mixing drums to be attached to  
26 a motor vehicle; (D) industrial fixtures, devices, support facilities and  
27 special foundations necessary for manufacturing and production  
28 operations, and materials and other tangible personal property sold for the  
29 purpose of fabricating such fixtures, devices, facilities and foundations.  
30 An exemption certificate for such purchases shall be signed by the  
31 manufacturer or processor. If the fabricator purchases such material, the  
32 fabricator shall also sign the exemption certificate; and (E) a  
33 manufacturing or processing business' laboratory equipment that is not  
34 located at the plant or facility, but that would otherwise qualify for  
35 exemption under subsection (3)(E).

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

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

43 (B) machinery, equipment and tools used primarily in maintaining

- 1 and repairing any type of machinery and equipment or the building and  
2 plant;
- 3 (C) transportation, transmission and distribution equipment not  
4 primarily used in a production, warehousing or material handling  
5 operation at the plant or facility, including the means of conveyance of  
6 natural gas, electricity, oil or water, and equipment related thereto,  
7 located outside the plant or facility;
- 8 (D) office machines and equipment including computers and related  
9 peripheral equipment not used directly and primarily to control or  
10 measure the manufacturing process;
- 11 (E) furniture and other furnishings;
- 12 (F) buildings, other than exempt machinery and equipment that is  
13 permanently affixed to or becomes a physical part of the building, and  
14 any other part of real estate that is not otherwise exempt;
- 15 (G) building fixtures that are not integral to the manufacturing  
16 operation, such as utility systems for heating, ventilation, air  
17 conditioning, communications, plumbing or electrical;
- 18 (H) machinery and equipment used for general plant heating,  
19 cooling and lighting;
- 20 (I) motor vehicles that are registered for operation on public  
21 highways; or
- 22 (J) employee apparel, except safety and protective apparel that is  
23 purchased by an employer and furnished gratuitously to employees who  
24 are involved in production or research activities.
- 25 (6) Subsections (3) and (5) shall not be construed as exclusive  
26 listings of the machinery and equipment that qualify or do not qualify as  
27 an integral or essential part of an integrated production operation. When  
28 machinery or equipment is used as an integral or essential part of  
29 production operations part of the time and for nonproduction purpose at  
30 other times, the primary use of the machinery or equipment shall  
31 determine whether or not such machinery or equipment qualifies for  
32 exemption.
- 33 (7) The secretary of revenue shall adopt rules and regulations  
34 necessary to administer the provisions of this subsection;
- 35 (ll) all sales of educational materials purchased for distribution to the  
36 public at no charge by a nonprofit corporation organized for the purpose  
37 of encouraging, fostering and conducting programs for the improvement  
38 of public health;
- 39 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,  
40 herbicides, germicides, pesticides and fungicides; and services, purchased  
41 and used for the purpose of producing plants in order to prevent soil  
42 erosion on land devoted to agricultural use;
- 43 (nn) except as otherwise provided in this act, all sales of services

- 1 rendered by an advertising agency or licensed broadcast station or any  
2 member, agent or employee thereof;
- 3 (oo) all sales of tangible personal property purchased by a  
4 community action group or agency for the exclusive purpose of repairing  
5 or weatherizing housing occupied by low income individuals;
- 6 (pp) all sales of drill bits and explosives actually utilized in the  
7 exploration and production of oil or gas;
- 8 (qq) all sales of tangible personal property and services purchased  
9 by a nonprofit museum or historical society or any combination thereof,  
10 including a nonprofit organization which is organized for the purpose of  
11 stimulating public interest in the exploration of space by providing  
12 educational information, exhibits and experiences, which is exempt from  
13 federal income taxation pursuant to section 501(c)(3) of the federal  
14 internal revenue code of 1986;
- 15 (rr) all sales of tangible personal property which will admit the  
16 purchaser thereof to any annual event sponsored by a nonprofit  
17 organization which is exempt from federal income taxation pursuant to  
18 section 501(c)(3) of the federal internal revenue code of 1986;
- 19 (ss) all sales of tangible personal property and services purchased by  
20 a public broadcasting station licensed by the federal communications  
21 commission as a noncommercial educational television or radio station;
- 22 (tt) all sales of tangible personal property and services purchased by  
23 or on behalf of a not-for-profit corporation which is exempt from federal  
24 income taxation pursuant to section 501(c)(3) of the federal internal  
25 revenue code of 1986, for the sole purpose of constructing a Kansas  
26 Korean War memorial;
- 27 (uu) all sales of tangible personal property and services purchased  
28 by or on behalf of any rural volunteer fire-fighting organization for use  
29 exclusively in the performance of its duties and functions;
- 30 (vv) all sales of tangible personal property purchased by any of the  
31 following organizations which are exempt from federal income taxation  
32 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
33 for the following purposes, and all sales of any such property by or on  
34 behalf of any such organization for any such purpose:
- 35 (1) The American Heart Association, Kansas Affiliate, Inc. for the  
36 purposes of providing education, training, certification in emergency  
37 cardiac care, research and other related services to reduce disability and  
38 death from cardiovascular diseases and stroke;
- 39 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of  
40 advocacy for persons with mental illness and to education, research and  
41 support for their families;
- 42 (3) the Kansas Mental Illness Awareness Council for the purposes of  
43 advocacy for persons who are mentally ill and to education, research and

1 support for them and their families;

2 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
3 purpose of eliminating diabetes through medical research, public  
4 education focusing on disease prevention and education, patient  
5 education including information on coping with diabetes, and  
6 professional education and training;

7 (5) the American Lung Association of Kansas, Inc. for the purpose  
8 of eliminating all lung diseases through medical research, public  
9 education including information on coping with lung diseases,  
10 professional education and training related to lung disease and other  
11 related services to reduce the incidence of disability and death due to lung  
12 disease;

13 (6) the Kansas chapters of the Alzheimer's Disease and Related  
14 Disorders Association, Inc. for the purpose of providing assistance and  
15 support to persons in Kansas with Alzheimer's disease, and their families  
16 and caregivers;

17 (7) the Kansas chapters of the Parkinson's disease association for the  
18 purpose of eliminating Parkinson's disease through medical research and  
19 public and professional education related to such disease;

20 (8) the National Kidney Foundation of Kansas and Western Missouri  
21 for the purpose of eliminating kidney disease through medical research  
22 and public and private education related to such disease;

23 (9) the heartstrings community foundation for the purpose of  
24 providing training, employment and activities for adults with  
25 developmental disabilities;

26 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for  
27 the purposes of assuring the development of the means to cure and  
28 control cystic fibrosis and improving the quality of life for those with the  
29 disease;

30 (11) the spina bifida association of Kansas for the purpose of  
31 providing financial, educational and practical aid to families and  
32 individuals with spina bifida. Such aid includes, but is not limited to,  
33 funding for medical devices, counseling and medical educational  
34 opportunities;

35 (12) the CHWC, Inc., for the purpose of rebuilding urban core  
36 neighborhoods through the construction of new homes, acquiring and  
37 renovating existing homes and other related activities, and promoting  
38 economic development in such neighborhoods;

39 (13) the cross-lines cooperative council for the purpose of providing  
40 social services to low income individuals and families;

41 (14) the Dreams Work, Inc., for the purpose of providing young  
42 adult day services to individuals with developmental disabilities and  
43 assisting families in avoiding institutional or nursing home care for a



- 1 developmentally disabled member of their family;
- 2 (15) the KSDS, Inc., for the purpose of promoting the independence  
3 and inclusion of people with disabilities as fully participating and  
4 contributing members of their communities and society through the  
5 training and providing of guide and service dogs to people with  
6 disabilities, and providing disability education and awareness to the  
7 general public;
- 8 (16) the lyme association of greater Kansas City, Inc., for the  
9 purpose of providing support to persons with lyme disease and public  
10 education relating to the prevention, treatment and cure of lyme disease;
- 11 (17) the Dream Factory, Inc., for the purpose of granting the dreams  
12 of children with critical and chronic illnesses;
- 13 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing  
14 students and families with education and resources necessary to enable  
15 each child to develop fine character and musical ability to the fullest  
16 potential;
- 17 (19) the International Association of Lions Clubs for the purpose of  
18 creating and fostering a spirit of understanding among all people for  
19 humanitarian needs by providing voluntary services through community  
20 involvement and international cooperation;
- 21 (20) the Johnson county young matrons, inc., for the purpose of  
22 promoting a positive future for members of the community through  
23 volunteerism, financial support and education through the efforts of an all  
24 volunteer organization;
- 25 (21) the American Cancer Society, Inc., for the purpose of  
26 eliminating cancer as a major health problem by preventing cancer,  
27 saving lives and diminishing suffering from cancer, through research,  
28 education, advocacy and service;
- 29 (22) the community services of Shawnee, inc., for the purpose of  
30 providing food and clothing to those in need;
- 31 (23) the angel babies association, for the purpose of providing  
32 assistance, support and items of necessity to teenage mothers and their  
33 babies; and
- 34 (24) the Kansas fairgrounds foundation for the purpose of the  
35 preservation, renovation and beautification of the Kansas state  
36 fairgrounds;
- 37 (ww) all sales of tangible personal property purchased by the Habitat  
38 for Humanity for the exclusive use of being incorporated within a  
39 housing project constructed by such organization;
- 40 (xx) all sales of tangible personal property and services purchased  
41 by a nonprofit zoo which is exempt from federal income taxation  
42 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
43 or on behalf of such zoo by an entity itself exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal internal revenue code  
2 of 1986 contracted with to operate such zoo and all sales of tangible  
3 personal property or services purchased by a contractor for the purpose of  
4 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
5 furnishing or remodeling facilities for any nonprofit zoo which would be  
6 exempt from taxation under the provisions of this section if purchased  
7 directly by such nonprofit zoo or the entity operating such zoo. Nothing  
8 in this subsection shall be deemed to exempt the purchase of any  
9 construction machinery, equipment or tools used in the constructing,  
10 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
11 remodeling facilities for any nonprofit zoo. When any nonprofit zoo shall  
12 contract for the purpose of constructing, equipping, reconstructing,  
13 maintaining, repairing, enlarging, furnishing or remodeling facilities, it  
14 shall obtain from the state and furnish to the contractor an exemption  
15 certificate for the project involved, and the contractor may purchase  
16 materials for incorporation in such project. The contractor shall furnish  
17 the number of such certificate to all suppliers from whom such purchases  
18 are made, and such suppliers shall execute invoices covering the same  
19 bearing the number of such certificate. Upon completion of the project  
20 the contractor shall furnish to the nonprofit zoo concerned a sworn  
21 statement, on a form to be provided by the director of taxation, that all  
22 purchases so made were entitled to exemption under this subsection. All  
23 invoices shall be held by the contractor for a period of five years and  
24 shall be subject to audit by the director of taxation. If any materials  
25 purchased under such a certificate are found not to have been  
26 incorporated in the building or other project or not to have been returned  
27 for credit or the sales or compensating tax otherwise imposed upon such  
28 materials which will not be so incorporated in the building or other  
29 project reported and paid by such contractor to the director of taxation not  
30 later than the 20th day of the month following the close of the month in  
31 which it shall be determined that such materials will not be used for the  
32 purpose for which such certificate was issued, the nonprofit zoo  
33 concerned shall be liable for tax on all materials purchased for the  
34 project, and upon payment thereof it may recover the same from the  
35 contractor together with reasonable attorney fees. Any contractor or any  
36 agent, employee or subcontractor thereof, who shall use or otherwise  
37 dispose of any materials purchased under such a certificate for any  
38 purpose other than that for which such a certificate is issued without the  
39 payment of the sales or compensating tax otherwise imposed upon such  
40 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
41 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
42 79-3615, and amendments thereto;

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

1 by a parent-teacher association or organization, and all sales of tangible  
2 personal property by or on behalf of such association or organization;

3 (zz) all sales of machinery and equipment purchased by over-the-air,  
4 free access radio or television station which is used directly and primarily  
5 for the purpose of producing a broadcast signal or is such that the failure  
6 of the machinery or equipment to operate would cause broadcasting to  
7 cease. For purposes of this subsection, machinery and equipment shall  
8 include, but not be limited to, that required by rules and regulations of the  
9 federal communications commission, and all sales of electricity which are  
10 essential or necessary for the purpose of producing a broadcast signal or  
11 is such that the failure of the electricity would cause broadcasting to  
12 cease;

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

1 close of the month in which it shall be determined that such materials will  
2 not be used for the purpose for which such certificate was issued, such  
3 organization concerned shall be liable for tax on all materials purchased  
4 for the project, and upon payment thereof it may recover the same from  
5 the contractor together with reasonable attorney fees. Any contractor or  
6 any agent, employee or subcontractor thereof, who shall use or otherwise  
7 dispose of any materials purchased under such a certificate for any  
8 purpose other than that for which such a certificate is issued without the  
9 payment of the sales or compensating tax otherwise imposed upon such  
10 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
11 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
12 79-3615, and amendments thereto. Sales tax paid on and after July 1,  
13 1998, but prior to the effective date of this act upon the gross receipts  
14 received from any sale exempted by the amendatory provisions of this  
15 subsection shall be refunded. Each claim for a sales tax refund shall be  
16 verified and submitted to the director of taxation upon forms furnished by  
17 the director and shall be accompanied by any additional documentation  
18 required by the director. The director shall review each claim and shall  
19 refund that amount of sales tax paid as determined under the provisions  
20 of this subsection. All refunds shall be paid from the sales tax refund fund  
21 upon warrants of the director of accounts and reports pursuant to  
22 vouchers approved by the director or the director's designee;

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

29 (ccc) on and after July 1, 1999, all sales of tangible personal  
30 property and services purchased by a primary care clinic or health center  
31 the primary purpose of which is to provide services to medically  
32 underserved individuals and families, and which is exempt from federal  
33 income taxation pursuant to section 501(c)(3) of the federal internal  
34 revenue code, and all sales of tangible personal property or services  
35 purchased by a contractor for the purpose of constructing, equipping,  
36 reconstructing, maintaining, repairing, enlarging, furnishing or  
37 remodeling facilities for any such clinic or center which would be exempt  
38 from taxation under the provisions of this section if purchased directly by  
39 such clinic or center. Nothing in this subsection shall be deemed to  
40 exempt the purchase of any construction machinery, equipment or tools  
41 used in the constructing, equipping, reconstructing, maintaining,  
42 repairing, enlarging, furnishing or remodeling facilities for any such  
43 clinic or center. When any such clinic or center shall contract for the

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

32 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
33 sales of materials and services purchased by any class II or III railroad as  
34 classified by the federal surface transportation board for the construction,  
35 renovation, repair or replacement of class II or III railroad track and  
36 facilities used directly in interstate commerce. In the event any such track  
37 or facility for which materials and services were purchased sales tax  
38 exempt is not operational for five years succeeding the allowance of such  
39 exemption, the total amount of sales tax which would have been payable  
40 except for the operation of this subsection shall be recouped in  
41 accordance with rules and regulations adopted for such purpose by the  
42 secretary of revenue;

43 (eee) on and after January 1, 1999, and before January 1, 2001, all

1 sales of materials and services purchased for the original construction,  
2 reconstruction, repair or replacement of grain storage facilities, including  
3 railroad sidings providing access thereto;

4 (fff) all sales of material handling equipment, racking systems and  
5 other related machinery and equipment that is used for the handling,  
6 movement or storage of tangible personal property in a warehouse or  
7 distribution facility in this state; all sales of installation, repair and  
8 maintenance services performed on such machinery and equipment; and  
9 all sales of repair and replacement parts for such machinery and  
10 equipment. For purposes of this subsection, a warehouse or distribution  
11 facility means a single, fixed location that consists of buildings or  
12 structures in a contiguous area where storage or distribution operations  
13 are conducted that are separate and apart from the business' retail  
14 operations, if any, and which do not otherwise qualify for exemption as  
15 occurring at a manufacturing or processing plant or facility. Material  
16 handling and storage equipment shall include aeration, dust control,  
17 cleaning, handling and other such equipment that is used in a public grain  
18 warehouse or other commercial grain storage facility, whether used for  
19 grain handling, grain storage, grain refining or processing, or other grain  
20 treatment operation;

21 (ggg) all sales of tangible personal property and services purchased  
22 by or on behalf of the Kansas Academy of Science which is exempt from  
23 federal income taxation pursuant to section 501(c)(3) of the federal  
24 internal revenue code of 1986, and used solely by such academy for the  
25 preparation, publication and dissemination of education materials;

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

29 (iii) all sales of personal property and services purchased by an  
30 organization which is exempt from federal income taxation pursuant to  
31 section 501(c)(3) of the federal internal revenue code of 1986, and which  
32 such personal property and services are used by any such organization in  
33 the collection, storage and distribution of food products to nonprofit  
34 organizations which distribute such food products to persons pursuant to  
35 a food distribution program on a charitable basis without fee or charge,  
36 and all sales of tangible personal property or services purchased by a  
37 contractor for the purpose of constructing, equipping, reconstructing,  
38 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
39 for the collection and storage of such food products for any such  
40 organization which is exempt from federal income taxation pursuant to  
41 section 501(c)(3) of the federal internal revenue code of 1986, which  
42 would be exempt from taxation under the provisions of this section if  
43 purchased directly by such organization. Nothing in this subsection shall

1 be deemed to exempt the purchase of any construction machinery,  
2 equipment or tools used in the constructing, equipping, reconstructing,  
3 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
4 any such organization. When any such organization shall contract for the  
5 purpose of constructing, equipping, reconstructing, maintaining,  
6 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
7 from the state and furnish to the contractor an exemption certificate for  
8 the project involved, and the contractor may purchase materials for  
9 incorporation in such project. The contractor shall furnish the number of  
10 such certificate to all suppliers from whom such purchases are made, and  
11 such suppliers shall execute invoices covering the same bearing the  
12 number of such certificate. Upon completion of the project the contractor  
13 shall furnish to such organization concerned a sworn statement, on a form  
14 to be provided by the director of taxation, that all purchases so made were  
15 entitled to exemption under this subsection. All invoices shall be held by  
16 the contractor for a period of five years and shall be subject to audit by  
17 the director of taxation. If any materials purchased under such a  
18 certificate are found not to have been incorporated in such facilities or not  
19 to have been returned for credit or the sales or compensating tax  
20 otherwise imposed upon such materials which will not be so incorporated  
21 in such facilities reported and paid by such contractor to the director of  
22 taxation not later than the 20th day of the month following the close of  
23 the month in which it shall be determined that such materials will not be  
24 used for the purpose for which such certificate was issued, such  
25 organization concerned shall be liable for tax on all materials purchased  
26 for the project, and upon payment thereof it may recover the same from  
27 the contractor together with reasonable attorney fees. Any contractor or  
28 any agent, employee or subcontractor thereof, who shall use or otherwise  
29 dispose of any materials purchased under such a certificate for any  
30 purpose other than that for which such a certificate is issued without the  
31 payment of the sales or compensating tax otherwise imposed upon such  
32 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
33 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
34 79-3615, and amendments thereto. Sales tax paid on and after July 1,  
35 2005, but prior to the effective date of this act upon the gross receipts  
36 received from any sale exempted by the amendatory provisions of this  
37 subsection shall be refunded. Each claim for a sales tax refund shall be  
38 verified and submitted to the director of taxation upon forms furnished by  
39 the director and shall be accompanied by any additional documentation  
40 required by the director. The director shall review each claim and shall  
41 refund that amount of sales tax paid as determined under the provisions  
42 of this subsection. All refunds shall be paid from the sales tax refund fund  
43 upon warrants of the director of accounts and reports pursuant to

- 1 vouchers approved by the director or the director's designee;
- 2 (jjj) all sales of dietary supplements dispensed pursuant to a  
3 prescription order by a licensed practitioner or a mid-level practitioner as  
4 defined by K.S.A. 65-1626, and amendments thereto. As used in this  
5 subsection, "dietary supplement" means any product, other than tobacco,  
6 intended to supplement the diet that: (1) Contains one or more of the  
7 following dietary ingredients: A vitamin, a mineral, an herb or other  
8 botanical, an amino acid, a dietary substance for use by humans to  
9 supplement the diet by increasing the total dietary intake or a concentrate,  
10 metabolite, constituent, extract or combination of any such ingredient; (2)  
11 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or  
12 liquid form, or if not intended for ingestion, in such a form, is not  
13 represented as conventional food and is not represented for use as a sole  
14 item of a meal or of the diet; and (3) is required to be labeled as a dietary  
15 supplement, identifiable by the supplemental facts box found on the label  
16 and as required pursuant to 21 C.F.R. § 101.36;
- 17 (lll) all sales of tangible personal property and services purchased by  
18 special olympics Kansas, inc. for the purpose of providing year-round  
19 sports training and athletic competition in a variety of olympic-type  
20 sports for individuals with intellectual disabilities by giving them  
21 continuing opportunities to develop physical fitness, demonstrate  
22 courage, experience joy and participate in a sharing of gifts, skills and  
23 friendship with their families, other special olympics athletes and the  
24 community, and activities provided or sponsored by such organization,  
25 and all sales of tangible personal property by or on behalf of any such  
26 organization;
- 27 (mmm) all sales of tangible personal property purchased by or on  
28 behalf of the Marillac Center, Inc., which is exempt from federal income  
29 taxation pursuant to section 501(c)(3) of the federal internal revenue  
30 code, for the purpose of providing psycho-social-biological and special  
31 education services to children, and all sales of any such property by or on  
32 behalf of such organization for such purpose;
- 33 (nnn) all sales of tangible personal property and services purchased  
34 by the West Sedgwick County-Sunrise Rotary Club and Sunrise  
35 Charitable Fund for the purpose of constructing a boundless playground  
36 which is an integrated, barrier free and developmentally advantageous  
37 play environment for children of all abilities and disabilities;
- 38 (ooo) all sales of tangible personal property by or on behalf of a  
39 public library serving the general public and supported in whole or in part  
40 with tax money or a not-for-profit organization whose purpose is to raise  
41 funds for or provide services or other benefits to any such public library;
- 42 (ppp) all sales of tangible personal property and services purchased  
43 by or on behalf of a homeless shelter which is exempt from federal



1 income taxation pursuant to section 501(c)(3) of the federal income tax  
2 code of 1986, and used by any such homeless shelter to provide  
3 emergency and transitional housing for individuals and families  
4 experiencing homelessness, and all sales of any such property by or on  
5 behalf of any such homeless shelter for any such purpose;

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

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

8 (rrr) all sales of tangible personal property and services purchased  
9 by any county law library maintained pursuant to law and sales of  
10 tangible personal property and services purchased by an organization  
11 which would have been exempt from taxation under the provisions of this  
12 subsection if purchased directly by the county law library for the purpose  
13 of providing legal resources to attorneys, judges, students and the general  
14 public, and all sales of any such property by or on behalf of any such  
15 county law library;

16 (sss) all sales of tangible personal property and services purchased  
17 by catholic charities or youthville, hereinafter referred to as charitable  
18 family providers, which is exempt from federal income taxation pursuant  
19 to section 501(c)(3) of the federal internal revenue code of 1986, and  
20 which such property and services are used for the purpose of providing  
21 emergency shelter and treatment for abused and neglected children as  
22 well as meeting additional critical needs for children, juveniles and  
23 family, and all sales of any such property by or on behalf of charitable  
24 family providers for any such purpose; and all sales of tangible personal  
25 property or services purchased by a contractor for the purpose of  
26 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
27 facilities for the operation of services for charitable family providers for  
28 any such purpose which would be exempt from taxation under the  
29 provisions of this section if purchased directly by charitable family  
30 providers. Nothing in this subsection shall be deemed to exempt the  
31 purchase of any construction machinery, equipment or tools used in the  
32 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
33 such facilities for charitable family providers. When charitable family  
34 providers contracts for the purpose of constructing, maintaining,  
35 repairing, enlarging, furnishing or remodeling such facilities, it shall  
36 obtain from the state and furnish to the contractor an exemption  
37 certificate for the project involved, and the contractor may purchase  
38 materials for incorporation in such project. The contractor shall furnish  
39 the number of such certificate to all suppliers from whom such purchases  
40 are made, and such suppliers shall execute invoices covering the same  
41 bearing the number of such certificate. Upon completion of the project  
42 the contractor shall furnish to charitable family providers a sworn  
43 statement, on a form to be provided by the director of taxation, that all

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

22 (ttt) all sales of tangible personal property or services purchased by a  
23 contractor for a project for the purpose of restoring, constructing,  
24 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
25 remodeling a home or facility owned by a nonprofit museum which has  
26 been granted an exemption pursuant to subsection (qq), which such home  
27 or facility is located in a city which has been designated as a qualified  
28 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
29 amendments thereto, and which such project is related to the purposes of  
30 K.S.A. 75-5071 et seq., and amendments thereto, and which would be  
31 exempt from taxation under the provisions of this section if purchased  
32 directly by such nonprofit museum. Nothing in this subsection shall be  
33 deemed to exempt the purchase of any construction machinery,  
34 equipment or tools used in the restoring, constructing, equipping,  
35 reconstructing, maintaining, repairing, enlarging, furnishing or  
36 remodeling a home or facility for any such nonprofit museum. When any  
37 such nonprofit museum shall contract for the purpose of restoring,  
38 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
39 furnishing or remodeling a home or facility, it shall obtain from the state  
40 and furnish to the contractor an exemption certificate for the project  
41 involved, and the contractor may purchase materials for incorporation in  
42 such project. The contractor shall furnish the number of such certificates  
43 to all suppliers from whom such purchases are made, and such suppliers

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

25 (uuu) all sales of tangible personal property and services purchased  
26 by Kansas children's service league, hereinafter referred to as KCSL,  
27 which is exempt from federal income taxation pursuant to section 501(c)  
28 (3) of the federal internal revenue code of 1986, and which such property  
29 and services are used for the purpose of providing for the prevention and  
30 treatment of child abuse and maltreatment as well as meeting additional  
31 critical needs for children, juveniles and family, and all sales of any such  
32 property by or on behalf of KCSL for any such purpose; and all sales of  
33 tangible personal property or services purchased by a contractor for the  
34 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
35 remodeling facilities for the operation of services for KCSL for any such  
36 purpose which would be exempt from taxation under the provisions of  
37 this section if purchased directly by KCSL. Nothing in this subsection  
38 shall be deemed to exempt the purchase of any construction machinery,  
39 equipment or tools used in the constructing, maintaining, repairing,  
40 enlarging, furnishing or remodeling such facilities for KCSL. When  
41 KCSL contracts for the purpose of constructing, maintaining, repairing,  
42 enlarging, furnishing or remodeling such facilities, it shall obtain from the  
43 state and furnish to the contractor an exemption certificate for the project

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

27 (vvv) all sales of tangible personal property or services, including  
28 the renting and leasing of tangible personal property or services,  
29 purchased by Jazz in the Woods, Inc., a Kansas corporation which is  
30 exempt from federal income taxation pursuant to section 501(c)(3) of the  
31 federal internal revenue code, for the purpose of providing Jazz in the  
32 Woods, an event benefiting children-in-need and other nonprofit charities  
33 assisting such children, and all sales of any such property by or on behalf  
34 of such organization for such purpose;

35 (www) all sales of tangible personal property purchased by or on  
36 behalf of the Frontenac Education Foundation, which is exempt from  
37 federal income taxation pursuant to section 501(c)(3) of the federal  
38 internal revenue code, for the purpose of providing education support for  
39 students, and all sales of any such property by or on behalf of such  
40 organization for such purpose;

41 (xxx) all sales of personal property and services purchased by the  
42 booth theatre foundation, inc., an organization which is exempt from  
43 federal income taxation pursuant to section 501(c)(3) of the federal

1 internal revenue code of 1986, and which such personal property and  
2 services are used by any such organization in the constructing, equipping,  
3 reconstructing, maintaining, repairing, enlarging, furnishing or  
4 remodeling of the booth theatre, and all sales of tangible personal  
5 property or services purchased by a contractor for the purpose of  
6 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
7 furnishing or remodeling the booth theatre for such organization, which  
8 would be exempt from taxation under the provisions of this section if  
9 purchased directly by such organization. Nothing in this subsection shall  
10 be deemed to exempt the purchase of any construction machinery,  
11 equipment or tools used in the constructing, equipping, reconstructing,  
12 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
13 any such organization. When any such organization shall contract for the  
14 purpose of constructing, equipping, reconstructing, maintaining,  
15 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
16 from the state and furnish to the contractor an exemption certificate for  
17 the project involved, and the contractor may purchase materials for  
18 incorporation in such project. The contractor shall furnish the number of  
19 such certificate to all suppliers from whom such purchases are made, and  
20 such suppliers shall execute invoices covering the same bearing the  
21 number of such certificate. Upon completion of the project the contractor  
22 shall furnish to such organization concerned a sworn statement, on a form  
23 to be provided by the director of taxation, that all purchases so made were  
24 entitled to exemption under this subsection. All invoices shall be held by  
25 the contractor for a period of five years and shall be subject to audit by  
26 the director of taxation. If any materials purchased under such a  
27 certificate are found not to have been incorporated in such facilities or not  
28 to have been returned for credit or the sales or compensating tax  
29 otherwise imposed upon such materials which will not be so incorporated  
30 in such facilities reported and paid by such contractor to the director of  
31 taxation not later than the 20th day of the month following the close of  
32 the month in which it shall be determined that such materials will not be  
33 used for the purpose for which such certificate was issued, such  
34 organization concerned shall be liable for tax on all materials purchased  
35 for the project, and upon payment thereof it may recover the same from  
36 the contractor together with reasonable attorney fees. Any contractor or  
37 any agent, employee or subcontractor thereof, who shall use or otherwise  
38 dispose of any materials purchased under such a certificate for any  
39 purpose other than that for which such a certificate is issued without the  
40 payment of the sales or compensating tax otherwise imposed upon such  
41 materials, shall be guilty of a misdemeanor and, upon conviction therefor,  
42 shall be subject to the penalties provided for in subsection (g) of K.S.A.  
43 79-3615, and amendments thereto. Sales tax paid on and after January 1,

1 2007, but prior to the effective date of this act upon the gross receipts  
2 received from any sale which would have been exempted by the  
3 provisions of this subsection had such sale occurred after the effective  
4 date of this act shall be refunded. Each claim for a sales tax refund shall  
5 be verified and submitted to the director of taxation upon forms furnished  
6 by the director and shall be accompanied by any additional  
7 documentation required by the director. The director shall review each  
8 claim and shall refund that amount of sales tax paid as determined under  
9 the provisions of this subsection. All refunds shall be paid from the sales  
10 tax refund fund upon warrants of the director of accounts and reports  
11 pursuant to vouchers approved by the director or the director's designee;

12 (yyy) all sales of tangible personal property and services purchased  
13 by TLC charities foundation, inc., hereinafter referred to as TLC  
14 charities, which is exempt from federal income taxation pursuant to  
15 section 501(c)(3) of the federal internal revenue code of 1986, and which  
16 such property and services are used for the purpose of encouraging  
17 private philanthropy to further the vision, values, and goals of TLC for  
18 children and families, inc.; and all sales of such property and services by  
19 or on behalf of TLC charities for any such purpose and all sales of  
20 tangible personal property or services purchased by a contractor for the  
21 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
22 remodeling facilities for the operation of services for TLC charities for  
23 any such purpose which would be exempt from taxation under the  
24 provisions of this section if purchased directly by TLC charities. Nothing  
25 in this subsection shall be deemed to exempt the purchase of any  
26 construction machinery, equipment or tools used in the constructing,  
27 maintaining, repairing, enlarging, furnishing or remodeling such facilities  
28 for TLC charities. When TLC charities contracts for the purpose of  
29 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
30 such facilities, it shall obtain from the state and furnish to the contractor  
31 an exemption certificate for the project involved, and the contractor may  
32 purchase materials for incorporation in such project. The contractor shall  
33 furnish the number of such certificate to all suppliers from whom such  
34 purchases are made, and such suppliers shall execute invoices covering  
35 the same bearing the number of such certificate. Upon completion of the  
36 project the contractor shall furnish to TLC charities a sworn statement, on  
37 a form to be provided by the director of taxation, that all purchases so  
38 made were entitled to exemption under this subsection. All invoices shall  
39 be held by the contractor for a period of five years and shall be subject to  
40 audit by the director of taxation. If any materials purchased under such a  
41 certificate are found not to have been incorporated in the building or other  
42 project or not to have been returned for credit or the sales or  
43 compensating tax otherwise imposed upon such materials which will not

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

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

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

26 (bbbb) all sales of entry or participation fees, charges or tickets by  
27 Guadalupe health foundation, which is exempt from federal income  
28 taxation pursuant to section 501(c)(3) of the federal internal revenue  
29 code, for such organization's annual fundraising event which purpose is to  
30 provide health care services for uninsured workers;

31 (cccc) all sales of tangible personal property or services purchased  
32 by or on behalf of wayside waifs, inc., which is exempt from federal  
33 income taxation pursuant to section 501(c)(3) of the federal internal  
34 revenue code, for the purpose of providing such organization's annual  
35 fundraiser, an event whose purpose is to support the care of homeless and  
36 abandoned animals, animal adoption efforts, education programs for  
37 children and efforts to reduce animal over-population and animal welfare  
38 services, and all sales of any such property, including entry or  
39 participation fees or charges, by or on behalf of such organization for  
40 such purpose;

41 (dddd) all sales of tangible personal property or services purchased  
42 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,  
43 both of which are exempt from federal income taxation pursuant to



1 section 501(c)(3) of the federal internal revenue code, for the purpose of  
2 providing education, training and employment opportunities for people  
3 with disabilities and other barriers to employment;

4 (eeee) all sales of tangible personal property or services purchased  
5 by or on behalf of All American Beef Battalion, Inc., which is exempt  
6 from federal income taxation pursuant to section 501(c)(3) of the federal  
7 internal revenue code, for the purpose of educating, promoting and  
8 participating as a contact group through the beef cattle industry in order  
9 to carry out such projects that provide support and morale to members of  
10 the United States armed forces and military services; and

11 (ffff) all sales of tangible personal property and services purchased  
12 by sheltered living, inc., which is exempt from federal income taxation  
13 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
14 and which such property and services are used for the purpose of  
15 providing residential and day services for people with developmental  
16 disabilities or mental retardation, or both, and all sales of any such  
17 property by or on behalf of sheltered living, inc. for any such purpose;  
18 and all sales of tangible personal property or services purchased by a  
19 contractor for the purpose of rehabilitating, constructing, maintaining,  
20 repairing, enlarging, furnishing or remodeling homes and facilities for  
21 sheltered living, inc. for any such purpose which would be exempt from  
22 taxation under the provisions of this section if purchased directly by  
23 sheltered living, inc. Nothing in this subsection shall be deemed to  
24 exempt the purchase of any construction machinery, equipment or tools  
25 used in the constructing, maintaining, repairing, enlarging, furnishing or  
26 remodeling such homes and facilities for sheltered living, inc. When  
27 sheltered living, inc. contracts for the purpose of rehabilitating,  
28 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
29 such homes and 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  
33 from whom such purchases are made, and such suppliers shall execute  
34 invoices covering the same bearing the number of such certificate. Upon  
35 completion of the project the contractor shall furnish to sheltered living,  
36 inc. 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  
39 five 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 the building or other project or not to have been returned  
42 for credit or the sales or compensating tax otherwise imposed upon such  
43 materials which will not be so incorporated in the building or other

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

15 Sec. 14. K.S.A. 2010 Supp. 74-50,104, 74-50,106, 74-50,107, 74-  
16 50,109, 74-50,110, 74-50,111, 74-50,132, 79-32,160a, 79-32,206 and 79-  
17 3606 are hereby repealed.

18 Sec. 15. On January 1, 2012, K.S.A. 2010 Supp. 74-50,151 and 74-  
19 50,152 are hereby repealed.

20 Sec. 16. This act shall take effect and be in force from and after its  
21 publication in the statute book.  
22