

SENATE BILL No. 297

By Committee on Assessment and Taxation

1-22

1 AN ACT concerning sales taxation; relating to exemptions; reaching out
2 from within, inc.; amending K.S.A. 2013 Supp. 79-3606 and repealing
3 the existing section.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2013 Supp. 79-3606 is hereby amended to read as
7 follows: 79-3606. The following shall be exempt from the tax imposed by
8 this act:

9 (a) All sales of motor-vehicle fuel or other articles upon which a sales
10 or excise tax has been paid, not subject to refund, under the laws of this
11 state except cigarettes as defined by K.S.A. 79-3301, and amendments
12 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
13 3817, and amendments thereto, including wort, liquid malt, malt syrup and
14 malt extract, which is not subject to taxation under the provisions of
15 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant
16 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.
17 65-3424d, and amendments thereto, drycleaning and laundry services
18 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross
19 receipts from regulated sports contests taxed pursuant to the Kansas
20 professional regulated sports act, and amendments thereto;

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

35 (c) all sales of tangible personal property or services, including the
36 renting and leasing of tangible personal property, purchased directly by a

1 public or private elementary or secondary school or public or private
2 nonprofit educational institution and used primarily by such school or
3 institution for nonsectarian programs and activities provided or sponsored
4 by such school or institution or in the erection, repair or enlargement of
5 buildings to be used for such purposes. The exemption herein provided
6 shall not apply to erection, construction, repair, enlargement or equipment
7 of buildings used primarily for human habitation;

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

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

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

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

25 (f) tangible personal property purchased by a railroad or public utility
26 for consumption or movement directly and immediately in interstate
27 commerce;

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

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

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

41 (j) meals served without charge or food used in the preparation of
42 such meals to employees of any restaurant, eating house, dining car, hotel,
43 drugstore or other place where meals or drinks are regularly sold to the

1 public if such employees' duties are related to the furnishing or sale of
2 such meals or drinks;

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

9 (l) all isolated or occasional sales of tangible personal property,
10 services, substances or things, except isolated or occasional sale of motor
11 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.
12 79-3603, and amendments thereto;

13 (m) all sales of tangible personal property which become an
14 ingredient or component part of tangible personal property or services
15 produced, manufactured or compounded for ultimate sale at retail within
16 or without the state of Kansas; and any such producer, manufacturer or
17 compounder may obtain from the director of taxation and furnish to the
18 supplier an exemption certificate number for tangible personal property for
19 use as an ingredient or component part of the property or services
20 produced, manufactured or compounded;

21 (n) all sales of tangible personal property which is consumed in the
22 production, manufacture, processing, mining, drilling, refining or
23 compounding of tangible personal property, the treating of by-products or
24 wastes derived from any such production process, the providing of
25 services or the irrigation of crops for ultimate sale at retail within or
26 without the state of Kansas; and any purchaser of such property may
27 obtain from the director of taxation and furnish to the supplier an
28 exemption certificate number for tangible personal property for
29 consumption in such production, manufacture, processing, mining,
30 drilling, refining, compounding, treating, irrigation and in providing such
31 services;

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

38 (p) all sales of drugs dispensed pursuant to a prescription order by a
39 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
40 1626, and amendments thereto. As used in this subsection, "drug" means a
41 compound, substance or preparation and any component of a compound,
42 substance or preparation, other than food and food ingredients, dietary
43 supplements or alcoholic beverages, recognized in the official United

1 States pharmacopoeia, official homeopathic pharmacopoeia of the United
2 States or official national formulary, and supplement to any of them,
3 intended for use in the diagnosis, cure, mitigation, treatment or prevention
4 of disease or intended to affect the structure or any function of the body,
5 except that for taxable years commencing after December 31, 2013, this
6 subsection shall not apply to any sales of drugs used in the performance or
7 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
8 thereto;

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

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

33 (s) except as provided in K.S.A. 2013 Supp. 82a-2101, and
34 amendments thereto, all sales of tangible personal property or services
35 purchased directly or indirectly by a groundwater management district
36 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
37 amendments thereto, by a rural water district organized or operating under
38 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
39 supply district organized or operating under the authority of K.S.A. 19-
40 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
41 property or services are used in the construction activities, operation or
42 maintenance of the district;

43 (t) all sales of farm machinery and equipment or aquaculture

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

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

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

42 (w) all sales of natural gas, electricity, heat and water delivered
43 through mains, lines or pipes: (1) To residential premises for

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

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

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

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

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

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

31 (cc) all sales of tangible personal property or services purchased prior
32 to January 1, 2012, except as otherwise provided, for the purpose of and in
33 conjunction with constructing, reconstructing, enlarging or remodeling a
34 business or retail business which meets the requirements established in
35 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
36 machinery and equipment purchased for installation at any such business
37 or retail business, and all sales of tangible personal property or services
38 purchased on or after January 1, 2012, for the purpose of and in
39 conjunction with constructing, reconstructing, enlarging or remodeling a
40 business which meets the requirements established in K.S.A. 74-50,115(e),
41 and amendments thereto, and the sale and installation of machinery and
42 equipment purchased for installation at any such business. When a person
43 shall contract for the construction, reconstruction, enlargement or

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

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

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

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

42 (gg) all sales of tangible personal property purchased in accordance
43 with vouchers issued pursuant to the federal special supplemental food

1 program for women, infants and children;

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

15 (ii) all sales of tangible personal property purchased directly by a
16 nonprofit organization for nonsectarian comprehensive multidiscipline
17 youth development programs and activities provided or sponsored by such
18 organization, and all sales of tangible personal property by or on behalf of
19 any such organization. This exemption shall not apply to tangible personal
20 property customarily used for human habitation purposes;

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

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

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

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

43 (2) For purposes of this subsection:

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

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

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

25 (D) "manufacturing or processing business" means a business that
26 utilizes an integrated production operation to manufacture, process,
27 fabricate, finish, or assemble items for wholesale and retail distribution as
28 part of what is commonly regarded by the general public as an industrial
29 manufacturing or processing operation or an agricultural commodity
30 processing operation. (i) Industrial manufacturing or processing operations
31 include, by way of illustration but not of limitation, the fabrication of
32 automobiles, airplanes, machinery or transportation equipment, the
33 fabrication of metal, plastic, wood, or paper products, electricity power
34 generation, water treatment, petroleum refining, chemical production,
35 wholesale bottling, newspaper printing, ready mixed concrete production,
36 and the remanufacturing of used parts for wholesale or retail sale. Such
37 processing operations shall include operations at an oil well, gas well,
38 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
39 sand or gravel that has been extracted from the earth is cleaned, separated,
40 crushed, ground, milled, screened, washed, or otherwise treated or
41 prepared before its transmission to a refinery or before any other wholesale
42 or retail distribution. (ii) Agricultural commodity processing operations
43 include, by way of illustration but not of limitation, meat packing, poultry

1 slaughtering and dressing, processing and packaging farm and dairy
2 products in sealed containers for wholesale and retail distribution, feed
3 grinding, grain milling, frozen food processing, and grain handling,
4 cleaning, blending, fumigation, drying and aeration operations engaged in
5 by grain elevators or other grain storage facilities. (iii) Manufacturing or
6 processing businesses do not include, by way of illustration but not of
7 limitation, nonindustrial businesses whose operations are primarily retail
8 and that produce or process tangible personal property as an incidental part
9 of conducting the retail business, such as retailers who bake, cook or
10 prepare food products in the regular course of their retail trade, grocery
11 stores, meat lockers and meat markets that butcher or dress livestock or
12 poultry in the regular course of their retail trade, contractors who alter,
13 service, repair or improve real property, and retail businesses that clean,
14 service or refurbish and repair tangible personal property for its owner;

15 (E) "repair and replacement parts and accessories" means all parts
16 and accessories for exempt machinery and equipment, including, but not
17 limited to, dies, jigs, molds, patterns and safety devices that are attached to
18 exempt machinery or that are otherwise used in production, and parts and
19 accessories that require periodic replacement such as belts, drill bits,
20 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
21 other refractory items for exempt kiln equipment used in production
22 operations;

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

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

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

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

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

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

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

40 (F) to plan, manage, control or record the receipt and flow of
41 inventories of raw materials, consumables and component parts, the flow
42 of the property undergoing manufacturing or processing and the
43 management of inventories of the finished product;

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

4 (H) to package the property being manufactured or processed in a
5 container or wrapping in which such property is normally sold or
6 transported;

7 (I) to transmit or transport electricity, coke, gas, water, steam or
8 similar substances used in production operations from the point of
9 generation, if produced by the manufacturer or processor at the plant site,
10 to that manufacturer's production operation; or, if purchased or delivered
11 from off-site, from the point where the substance enters the site of the
12 plant or facility to that manufacturer's production operations;

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

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

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

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

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

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

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

8 (B) machinery, equipment and tools used primarily in maintaining
9 and repairing any type of machinery and equipment or the building and
10 plant;

11 (C) transportation, transmission and distribution equipment not
12 primarily used in a production, warehousing or material handling
13 operation at the plant or facility, including the means of conveyance of
14 natural gas, electricity, oil or water, and equipment related thereto, located
15 outside the plant or facility;

16 (D) office machines and equipment including computers and related
17 peripheral equipment not used directly and primarily to control or measure
18 the manufacturing process;

19 (E) furniture and other furnishings;

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

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

26 (H) machinery and equipment used for general plant heating, cooling
27 and lighting;

28 (I) motor vehicles that are registered for operation on public
29 highways; or

30 (J) employee apparel, except safety and protective apparel that is
31 purchased by an employer and furnished gratuitously to employees who
32 are involved in production or research activities.

33 (6) Subsections (3) and (5) shall not be construed as exclusive listings
34 of the machinery and equipment that qualify or do not qualify as an
35 integral or essential part of an integrated production operation. When
36 machinery or equipment is used as an integral or essential part of
37 production operations part of the time and for nonproduction purpose at
38 other times, the primary use of the machinery or equipment shall
39 determine whether or not such machinery or equipment qualifies for
40 exemption.

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

43 (II) all sales of educational materials purchased for distribution to the

1 public at no charge by a nonprofit corporation organized for the purpose of
2 encouraging, fostering and conducting programs for the improvement of
3 public health, except that for taxable years commencing after December
4 31, 2013, this subsection shall not apply to any sales of such materials
5 purchased by a nonprofit corporation which performs any abortion, as
6 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

19 (qq) all sales of tangible personal property and services purchased by
20 a nonprofit museum or historical society or any combination thereof,
21 including a nonprofit organization which is organized for the purpose of
22 stimulating public interest in the exploration of space by providing
23 educational information, exhibits and experiences, which is exempt from
24 federal income taxation pursuant to section 501(c)(3) of the federal
25 internal revenue code of 1986;

26 (rr) all sales of tangible personal property which will admit the
27 purchaser thereof to any annual event sponsored by a nonprofit
28 organization which is exempt from federal income taxation pursuant to
29 section 501(c)(3) of the federal internal revenue code of 1986, except that
30 for taxable years commencing after December 31, 2013, this subsection
31 shall not apply to any sales of such tangible personal property purchased
32 by a nonprofit organization which performs any abortion, as defined in
33 K.S.A. 65-6701, and amendments thereto;

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

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

42 (uu) all sales of tangible personal property and services purchased by
43 or on behalf of any rural volunteer fire-fighting organization for use

1 exclusively in the performance of its duties and functions;

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

7 (1) The American Heart Association, Kansas Affiliate, Inc. for the
8 purposes of providing education, training, certification in emergency
9 cardiac care, research and other related services to reduce disability and
10 death from cardiovascular diseases and stroke;

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

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

17 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
18 purpose of eliminating diabetes through medical research, public education
19 focusing on disease prevention and education, patient education including
20 information on coping with diabetes, and professional education and
21 training;

22 (5) the American Lung Association of Kansas, Inc. for the purpose of
23 eliminating all lung diseases through medical research, public education
24 including information on coping with lung diseases, professional education
25 and training related to lung disease and other related services to reduce the
26 incidence of disability and death due to lung disease;

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

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

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

37 (9) the heartstrings community foundation for the purpose of
38 providing training, employment and activities for adults with
39 developmental disabilities;

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

43 (11) the spina bifida association of Kansas for the purpose of

1 providing financial, educational and practical aid to families and
2 individuals with spina bifida. Such aid includes, but is not limited to,
3 funding for medical devices, counseling and medical educational
4 opportunities;

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

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

11 (14) the Dreams Work, Inc., for the purpose of providing young adult
12 day services to individuals with developmental disabilities and assisting
13 families in avoiding institutional or nursing home care for a
14 developmentally disabled member of their family;

15 (15) the KSDS, Inc., for the purpose of promoting the independence
16 and inclusion of people with disabilities as fully participating and
17 contributing members of their communities and society through the
18 training and providing of guide and service dogs to people with
19 disabilities, and providing disability education and awareness to the
20 general public;

21 (16) the lyme association of greater Kansas City, Inc., for the purpose
22 of providing support to persons with lyme disease and public education
23 relating to the prevention, treatment and cure of lyme disease;

24 (17) the Dream Factory, Inc., for the purpose of granting the dreams
25 of children with critical and chronic illnesses;

26 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
27 students and families with education and resources necessary to enable
28 each child to develop fine character and musical ability to the fullest
29 potential;

30 (19) the International Association of Lions Clubs for the purpose of
31 creating and fostering a spirit of understanding among all people for
32 humanitarian needs by providing voluntary services through community
33 involvement and international cooperation;

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

38 (21) the American Cancer Society, Inc., for the purpose of eliminating
39 cancer as a major health problem by preventing cancer, saving lives and
40 diminishing suffering from cancer, through research, education, advocacy
41 and service;

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

1 (23) the angel babies association, for the purpose of providing
2 assistance, support and items of necessity to teenage mothers and their
3 babies; and

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

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

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

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

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

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

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

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

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

39 (ccc) on and after July 1, 1999, all sales of tangible personal property
40 and services purchased by a primary care clinic or health center the
41 primary purpose of which is to provide services to medically underserved
42 individuals and families, and which is exempt from federal income
43 taxation pursuant to section 501(c)(3) of the federal internal revenue code,

1 and all sales of tangible personal property or services purchased by a
2 contractor for the purpose of constructing, equipping, reconstructing,
3 maintaining, repairing, enlarging, furnishing or remodeling facilities for
4 any such clinic or center which would be exempt from taxation under the
5 provisions of this section if purchased directly by such clinic or center,
6 except that for taxable years commencing after December 31, 2013, this
7 subsection shall not apply to any sales of such tangible personal property
8 and services purchased by a primary care clinic or health center which
9 performs any abortion, as defined in K.S.A. 65-6701, and amendments
10 thereto. Nothing in this subsection shall be deemed to exempt the purchase
11 of any construction machinery, equipment or tools used in the
12 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
13 furnishing or remodeling facilities for any such clinic or center. When any
14 such clinic or center shall contract for the purpose of constructing,
15 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
16 remodeling facilities, it shall obtain from the state and furnish to the
17 contractor an exemption certificate for the project involved, and the
18 contractor may purchase materials for incorporation in such project. The
19 contractor shall furnish the number of such certificate to all suppliers from
20 whom such purchases are made, and such suppliers shall execute invoices
21 covering the same bearing the number of such certificate. Upon
22 completion of the project the contractor shall furnish to such clinic or
23 center concerned a sworn statement, on a form to be provided by the
24 director of taxation, that all purchases so made were entitled to exemption
25 under this subsection. All invoices shall be held by the contractor for a
26 period of five years and shall be subject to audit by the director of taxation.
27 If any materials purchased under such a certificate are found not to have
28 been incorporated in the building or other project or not to have been
29 returned for credit or the sales or compensating tax otherwise imposed
30 upon such materials which will not be so incorporated in the building or
31 other project reported and paid by such contractor to the director of
32 taxation not later than the 20th day of the month following the close of the
33 month in which it shall be determined that such materials will not be used
34 for the purpose for which such certificate was issued, such clinic or center
35 concerned shall be liable for tax on all materials purchased for the project,
36 and upon payment thereof it may recover the same from the contractor
37 together with reasonable attorney fees. Any contractor or any agent,
38 employee or subcontractor thereof, who shall use or otherwise dispose of
39 any materials purchased under such a certificate for any purpose other than
40 that for which such a certificate is issued without the payment of the sales
41 or compensating tax otherwise imposed upon such materials, shall be
42 guilty of a misdemeanor and, upon conviction therefor, shall be subject to
43 the penalties provided for in subsection (g) of K.S.A. 79-3615, and

1 amendments thereto;

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

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

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

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

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

41 (iii) all sales of personal property and services purchased by an
42 organization which is exempt from federal income taxation pursuant to
43 section 501(c)(3) of the federal internal revenue code of 1986, and which

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (vvv) all sales of tangible personal property or services, including the
38 renting and leasing of tangible personal property or services, purchased by
39 Jazz in the Woods, Inc., a Kansas corporation which is exempt from
40 federal income taxation pursuant to section 501(c)(3) of the federal
41 internal revenue code, for the purpose of providing Jazz in the Woods, an
42 event benefiting children-in-need and other nonprofit charities assisting
43 such children, and all sales of any such property by or on behalf of such

1 organization for such purpose;

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

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

1 for the project, and upon payment thereof it may recover the same from
2 the contractor together with reasonable attorney fees. Any contractor or
3 any agent, employee or subcontractor thereof, who shall use or otherwise
4 dispose of any materials purchased under such a certificate for any purpose
5 other than that for which such a certificate is issued without the payment
6 of the sales or compensating tax otherwise imposed upon such materials,
7 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
8 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,
9 and amendments thereto. Sales tax paid on and after January 1, 2007, but
10 prior to the effective date of this act upon the gross receipts received from
11 any sale which would have been exempted by the provisions of this
12 subsection had such sale occurred after the effective date of this act shall
13 be refunded. Each claim for a sales tax refund shall be verified and
14 submitted to the director of taxation upon forms furnished by the director
15 and shall be accompanied by any additional documentation required by the
16 director. The director shall review each claim and shall refund that amount
17 of sales tax paid as determined under the provisions of this subsection. All
18 refunds shall be paid from the sales tax refund fund upon warrants of the
19 director of accounts and reports pursuant to vouchers approved by the
20 director or the director's designee;

21 (yyy) all sales of tangible personal property and services purchased
22 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
23 which is exempt from federal income taxation pursuant to section 501(c)
24 (3) of the federal internal revenue code of 1986, and which such property
25 and services are used for the purpose of encouraging private philanthropy
26 to further the vision, values, and goals of TLC for children and families,
27 inc.; and all sales of such property and services by or on behalf of TLC
28 charities for any such purpose and all sales of tangible personal property or
29 services purchased by a contractor for the purpose of constructing,
30 maintaining, repairing, enlarging, furnishing or remodeling facilities for
31 the operation of services for TLC charities for any such purpose which
32 would be exempt from taxation under the provisions of this section if
33 purchased directly by TLC charities. Nothing in this subsection shall be
34 deemed to exempt the purchase of any construction machinery, equipment
35 or tools used in the constructing, maintaining, repairing, enlarging,
36 furnishing or remodeling such facilities for TLC charities. When TLC
37 charities contracts for the purpose of constructing, maintaining, repairing,
38 enlarging, furnishing or remodeling such facilities, it shall obtain from the
39 state and furnish to the contractor an exemption certificate for the project
40 involved, and the contractor may purchase materials for incorporation in
41 such project. The contractor shall furnish the number of such certificate to
42 all suppliers from whom such purchases are made, and such suppliers shall
43 execute invoices covering the same bearing the number of such certificate.

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

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

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

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

39 (cccc) all sales of tangible personal property or services purchased by
40 or on behalf of wayside waifs, inc., which is exempt from federal income
41 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
42 for the purpose of providing such organization's annual fundraiser, an
43 event whose purpose is to support the care of homeless and abandoned

1 animals, animal adoption efforts, education programs for children and
2 efforts to reduce animal over-population and animal welfare services, and
3 all sales of any such property, including entry or participation fees or
4 charges, by or on behalf of such organization for such purpose;

5 (dddd) all sales of tangible personal property or services purchased
6 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
7 both of which are exempt from federal income taxation pursuant to section
8 501(c)(3) of the federal internal revenue code, for the purpose of providing
9 education, training and employment opportunities for people with
10 disabilities and other barriers to employment;

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

18 (ffff) all sales of tangible personal property and services purchased by
19 sheltered living, inc., which is exempt from federal income taxation
20 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
21 and which such property and services are used for the purpose of
22 providing residential and day services for people with developmental
23 disabilities or intellectual disability, or both, and all sales of any such
24 property by or on behalf of sheltered living, inc., for any such purpose; and
25 all sales of tangible personal property or services purchased by a
26 contractor for the purpose of rehabilitating, constructing, maintaining,
27 repairing, enlarging, furnishing or remodeling homes and facilities for
28 sheltered living, inc., for any such purpose which would be exempt from
29 taxation under the provisions of this section if purchased directly by
30 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
31 the purchase of any construction machinery, equipment or tools used in the
32 constructing, maintaining, repairing, enlarging, furnishing or remodeling
33 such homes and facilities for sheltered living, inc. When sheltered living,
34 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
35 repairing, enlarging, furnishing or remodeling such homes and facilities, it
36 shall 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 the
39 number of such certificate to all suppliers from whom such purchases are
40 made, and such suppliers shall execute invoices covering the same bearing
41 the number of such certificate. Upon completion of the project the
42 contractor shall furnish to sheltered living, inc., a sworn statement, on a
43 form to be provided by the director of taxation, that all purchases so made

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

21 (gggg) all sales of game birds for which the primary purpose is use in
22 hunting; *and*

23 *(hhhh) all sales of tangible personal property and services purchased*
24 *by or on behalf of reaching out from within, inc., which is exempt from*
25 *federal income taxation pursuant to section 501(c)(3) of the federal*
26 *internal revenue code, for the purpose of sponsoring self-help programs*
27 *for incarcerated persons that will enable such incarcerated persons to*
28 *become role models for non-violence while in correctional facilities and*
29 *productive family members and citizens upon return to the community.*

30 Sec. 2. K.S.A. 2013 Supp. 79-3606 is hereby repealed.

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