

**SENATE BILL No. 338**

By Committee on Assessment and Taxation

1-30

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1 AN ACT concerning sales taxation; relating to exemptions; epilepsy  
2 foundation of Missouri and Kansas; amending K.S.A. 2013 Supp. 79-  
3 3606 and repealing the existing section.  
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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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 20<sup>th</sup> 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 purchased by or on*  
24 *behalf of the epilepsy foundation of Missouri and Kansas, which is exempt*  
25 *from federal income taxation pursuant to section 501(c)(3) of the federal*  
26 *internal revenue code, for the purpose of leading the fight to stop seizures,*  
27 *finding a cure and overcoming the challenges created by epilepsy, and all*  
28 *sales of any such property by or on behalf of such organization for such*  
29 *purpose.*

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.