

## SENATE BILL No. 419

By Committee on Assessment and Taxation

2-25

---

1 AN ACT concerning gold and silver bullion coins; recognizing such coins  
2 as legal tender; providing income tax deduction and sales tax  
3 exemption; amending K.S.A. 2013 Supp. 79-32,117 and 79-3606 and  
4 repealing the existing sections.  
5

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

7 New Section 1. Gold and silver bullion coins issued by the federal  
8 government are legal tender in Kansas. No person shall compel any other  
9 person to accept such gold and silver bullion coins in payment.

10 Sec. 2. K.S.A. 2013 Supp. 79-32,117 is hereby amended to read as  
11 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
12 means such individual's federal adjusted gross income for the taxable year,  
13 with the modifications specified in this section.

14 (b) There shall be added to federal adjusted gross income:

15 (i) Interest income less any related expenses directly incurred in the  
16 purchase of state or political subdivision obligations, to the extent that the  
17 same is not included in federal adjusted gross income, on obligations of  
18 any state or political subdivision thereof, but to the extent that interest  
19 income on obligations of this state or a political subdivision thereof issued  
20 prior to January 1, 1988, is specifically exempt from income tax under the  
21 laws of this state authorizing the issuance of such obligations, it shall be  
22 excluded from computation of Kansas adjusted gross income whether or  
23 not included in federal adjusted gross income. Interest income on  
24 obligations of this state or a political subdivision thereof issued after  
25 December 31, 1987, shall be excluded from computation of Kansas  
26 adjusted gross income whether or not included in federal adjusted gross  
27 income.

28 (ii) Taxes on or measured by income or fees or payments in lieu of  
29 income taxes imposed by this state or any other taxing jurisdiction to the  
30 extent deductible in determining federal adjusted gross income and not  
31 credited against federal income tax. This paragraph shall not apply to taxes  
32 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and  
33 amendments thereto, for privilege tax year 1995, and all such years  
34 thereafter.

35 (iii) The federal net operating loss deduction.

36 (iv) Federal income tax refunds received by the taxpayer if the

1 deduction of the taxes being refunded resulted in a tax benefit for Kansas  
2 income tax purposes during a prior taxable year. Such refunds shall be  
3 included in income in the year actually received regardless of the method  
4 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall  
5 be deemed to have resulted if the amount of the tax had been deducted in  
6 determining income subject to a Kansas income tax for a prior year  
7 regardless of the rate of taxation applied in such prior year to the Kansas  
8 taxable income, but only that portion of the refund shall be included as  
9 bears the same proportion to the total refund received as the federal taxes  
10 deducted in the year to which such refund is attributable bears to the total  
11 federal income taxes paid for such year. For purposes of the foregoing  
12 sentence, federal taxes shall be considered to have been deducted only to  
13 the extent such deduction does not reduce Kansas taxable income below  
14 zero.

15 (v) The amount of any depreciation deduction or business expense  
16 deduction claimed on the taxpayer's federal income tax return for any  
17 capital expenditure in making any building or facility accessible to the  
18 handicapped, for which expenditure the taxpayer claimed the credit  
19 allowed by K.S.A. 79-32,177, and amendments thereto.

20 (vi) Any amount of designated employee contributions picked up by  
21 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,  
22 and amendments thereto.

23 (vii) The amount of any charitable contribution made to the extent the  
24 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-  
25 32,196, and amendments thereto.

26 (viii) The amount of any costs incurred for improvements to a swine  
27 facility, claimed for deduction in determining federal adjusted gross  
28 income, to the extent the same is claimed as the basis for any credit  
29 allowed pursuant to K.S.A. 2013 Supp. 79-32,204, and amendments  
30 thereto.

31 (ix) The amount of any ad valorem taxes and assessments paid and  
32 the amount of any costs incurred for habitat management or construction  
33 and maintenance of improvements on real property, claimed for deduction  
34 in determining federal adjusted gross income, to the extent the same is  
35 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,  
36 and amendments thereto.

37 (x) Amounts received as nonqualified withdrawals, as defined by  
38 K.S.A. 2013 Supp. 75-643, and amendments thereto, if, at the time of  
39 contribution to a family postsecondary education savings account, such  
40 amounts were subtracted from the federal adjusted gross income pursuant  
41 to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments  
42 thereto, or if such amounts are not already included in the federal adjusted  
43 gross income.

1 (xi) The amount of any contribution made to the same extent the  
2 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2013  
3 Supp. 74-50,154, and amendments thereto.

4 (xii) For taxable years commencing after December 31, 2004,  
5 amounts received as withdrawals not in accordance with the provisions of  
6 K.S.A. 2013 Supp. 74-50,204, and amendments thereto, if, at the time of  
7 contribution to an individual development account, such amounts were  
8 subtracted from the federal adjusted gross income pursuant to paragraph  
9 (xiii) of subsection (c), or if such amounts are not already included in the  
10 federal adjusted gross income.

11 (xiii) The amount of any expenditures claimed for deduction in  
12 determining federal adjusted gross income, to the extent the same is  
13 claimed as the basis for any credit allowed pursuant to K.S.A. 2013 Supp.  
14 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

15 (xiv) The amount of any amortization deduction claimed in  
16 determining federal adjusted gross income to the extent the same is  
17 claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,221, and  
18 amendments thereto.

19 (xv) The amount of any expenditures claimed for deduction in  
20 determining federal adjusted gross income, to the extent the same is  
21 claimed as the basis for any credit allowed pursuant to K.S.A. 2013 Supp.  
22 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233  
23 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-  
24 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

25 (xvi) The amount of any amortization deduction claimed in  
26 determining federal adjusted gross income to the extent the same is  
27 claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,227, 79-  
28 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments  
29 thereto.

30 (xvii) The amount of any amortization deduction claimed in  
31 determining federal adjusted gross income to the extent the same is  
32 claimed for deduction pursuant to K.S.A. 2013 Supp. 79-32,256, and  
33 amendments thereto.

34 (xviii) For taxable years commencing after December 31, 2006, the  
35 amount of any ad valorem or property taxes and assessments paid to a state  
36 other than Kansas or local government located in a state other than Kansas  
37 by a taxpayer who resides in a state other than Kansas, when the law of  
38 such state does not allow a resident of Kansas who earns income in such  
39 other state to claim a deduction for ad valorem or property taxes or  
40 assessments paid to a political subdivision of the state of Kansas in  
41 determining taxable income for income tax purposes in such other state, to  
42 the extent that such taxes and assessments are claimed as an itemized  
43 deduction for federal income tax purposes.

1 (xix) For all taxable years beginning after December 31, 2012, the  
2 amount of any: (1) Loss from business as determined under the federal  
3 internal revenue code and reported from schedule C and on line 12 of the  
4 taxpayer's form 1040 federal individual income tax return; (2) loss from  
5 rental real estate, royalties, partnerships, S corporations, except those with  
6 wholly owned subsidiaries subject to the Kansas privilege tax, estates,  
7 trusts, residual interest in real estate mortgage investment conduits and net  
8 farm rental as determined under the federal internal revenue code and  
9 reported from schedule E and on line 17 of the taxpayer's form 1040  
10 federal individual income tax return; and (3) farm loss as determined under  
11 the federal internal revenue code and reported from schedule F and on line  
12 18 of the taxpayer's form 1040 federal income tax return; all to the extent  
13 deducted or subtracted in determining the taxpayer's federal adjusted gross  
14 income. For purposes of this subsection, references to the federal form  
15 1040 and federal schedule C, schedule E, and schedule F, shall be to such  
16 form and schedules as they existed for tax year 2011, and as revised  
17 thereafter by the internal revenue service.

18 (xx) For all taxable years beginning after December 31, 2012, the  
19 amount of any deduction for self-employment taxes under section 164(f)  
20 of the federal internal revenue code as in effect on January 1, 2012, and  
21 amendments thereto, in determining the federal adjusted gross income of  
22 an individual taxpayer.

23 (xxi) For all taxable years beginning after December 31, 2012, the  
24 amount of any deduction for pension, profit sharing, and annuity plans of  
25 self-employed individuals under section 62(a)(6) of the federal internal  
26 revenue code as in effect on January 1, 2012, and amendments thereto, in  
27 determining the federal adjusted gross income of an individual taxpayer.

28 (xxii) For all taxable years beginning after December 31, 2012, the  
29 amount of any deduction for health insurance under section 162(l) of the  
30 federal internal revenue code as in effect on January 1, 2012, and  
31 amendments thereto, in determining the federal adjusted gross income of  
32 an individual taxpayer.

33 (xxiii) For all taxable years beginning after December 31, 2012, the  
34 amount of any deduction for domestic production activities under section  
35 199 of the federal internal revenue code as in effect on January 1, 2012,  
36 and amendments thereto, in determining the federal adjusted gross income  
37 of an individual taxpayer.

38 (xxiv) For taxable years commencing after December 31, 2013, that  
39 portion of the amount of any expenditure deduction claimed in  
40 determining federal adjusted gross income for expenses paid for medical  
41 care of the taxpayer or the taxpayer's spouse or dependents when such  
42 expenses were paid or incurred for an abortion, or for a health benefit plan,  
43 as defined in K.S.A. 2013 Supp. 65-6731, and amendments thereto, for the

1 purchase of an optional rider for coverage of abortion in accordance with  
2 K.S.A. 2013 Supp. 40-2,190, and amendments thereto, to the extent that  
3 such taxes and assessments are claimed as an itemized deduction for  
4 federal income tax purposes.

5 (xxv) For taxable years commencing after December 31, 2013, that  
6 portion of the amount of any expenditure deduction claimed in  
7 determining federal adjusted gross income for expenses paid by a taxpayer  
8 for health care when such expenses were paid or incurred for abortion  
9 coverage, a health benefit plan, as defined in K.S.A. 2013 Supp. 65-6731,  
10 and amendments thereto, when such expenses were paid or incurred for  
11 abortion coverage or amounts contributed to health savings accounts for  
12 such taxpayer's employees for the purchase of an optional rider for  
13 coverage of abortion in accordance with K.S.A. 2013 Supp. 40-2,190, and  
14 amendments thereto, to the extent that such taxes and assessments are  
15 claimed as a deduction for federal income tax purposes.

16 (c) There shall be subtracted from federal adjusted gross income:

17 (i) Interest or dividend income on obligations or securities of any  
18 authority, commission or instrumentality of the United States and its  
19 possessions less any related expenses directly incurred in the purchase of  
20 such obligations or securities, to the extent included in federal adjusted  
21 gross income but exempt from state income taxes under the laws of the  
22 United States.

23 (ii) Any amounts received which are included in federal adjusted  
24 gross income but which are specifically exempt from Kansas income  
25 taxation under the laws of the state of Kansas.

26 (iii) The portion of any gain or loss from the sale or other disposition  
27 of property having a higher adjusted basis for Kansas income tax purposes  
28 than for federal income tax purposes on the date such property was sold or  
29 disposed of in a transaction in which gain or loss was recognized for  
30 purposes of federal income tax that does not exceed such difference in  
31 basis, but if a gain is considered a long-term capital gain for federal  
32 income tax purposes, the modification shall be limited to that portion of  
33 such gain which is included in federal adjusted gross income.

34 (iv) The amount necessary to prevent the taxation under this act of  
35 any annuity or other amount of income or gain which was properly  
36 included in income or gain and was taxed under the laws of this state for a  
37 taxable year prior to the effective date of this act, as amended, to the  
38 taxpayer, or to a decedent by reason of whose death the taxpayer acquired  
39 the right to receive the income or gain, or to a trust or estate from which  
40 the taxpayer received the income or gain.

41 (v) The amount of any refund or credit for overpayment of taxes on  
42 or measured by income or fees or payments in lieu of income taxes  
43 imposed by this state, or any taxing jurisdiction, to the extent included in

1 gross income for federal income tax purposes.

2 (vi) Accumulation distributions received by a taxpayer as a  
3 beneficiary of a trust to the extent that the same are included in federal  
4 adjusted gross income.

5 (vii) Amounts received as annuities under the federal civil service  
6 retirement system from the civil service retirement and disability fund and  
7 other amounts received as retirement benefits in whatever form which  
8 were earned for being employed by the federal government or for service  
9 in the armed forces of the United States.

10 (viii) Amounts received by retired railroad employees as a  
11 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and  
12 228c (a)(1) et seq.

13 (ix) Amounts received by retired employees of a city and by retired  
14 employees of any board of such city as retirement allowances pursuant to  
15 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter  
16 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and  
17 amendments thereto.

18 (x) For taxable years beginning after December 31, 1976, the amount  
19 of the federal tentative jobs tax credit disallowance under the provisions of  
20 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the  
21 amount of the targeted jobs tax credit and work incentive credit  
22 disallowances under 26 U.S.C. § 280 C.

23 (xi) For taxable years beginning after December 31, 1986, dividend  
24 income on stock issued by Kansas Venture Capital, Inc.

25 (xii) For taxable years beginning after December 31, 1989, amounts  
26 received by retired employees of a board of public utilities as pension and  
27 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,  
28 and amendments thereto.

29 (xiii) For taxable years beginning after December 31, 2004, amounts  
30 contributed to and the amount of income earned on contributions deposited  
31 to an individual development account under K.S.A. 2013 Supp. 74-50,201  
32 et seq., and amendments thereto.

33 (xiv) For all taxable years commencing after December 31, 1996, that  
34 portion of any income of a bank organized under the laws of this state or  
35 any other state, a national banking association organized under the laws of  
36 the United States, an association organized under the savings and loan  
37 code of this state or any other state, or a federal savings association  
38 organized under the laws of the United States, for which an election as an  
39 S corporation under subchapter S of the federal internal revenue code is in  
40 effect, which accrues to the taxpayer who is a stockholder of such  
41 corporation and which is not distributed to the stockholders as dividends of  
42 the corporation. For all taxable years beginning after December 31, 2012,  
43 the amount of modification under this subsection shall exclude the portion

1 of income or loss reported on schedule E and included on line 17 of the  
2 taxpayer's form 1040 federal individual income tax return.

3 (xv) For all taxable years beginning after December 31, 2006,  
4 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a  
5 joint return, for each designated beneficiary which are contributed to a  
6 family postsecondary education savings account established under the  
7 Kansas postsecondary education savings program or a qualified tuition  
8 program established and maintained by another state or agency or  
9 instrumentality thereof pursuant to section 529 of the internal revenue  
10 code of 1986, as amended, for the purpose of paying the qualified higher  
11 education expenses of a designated beneficiary at an institution of  
12 postsecondary education. The terms and phrases used in this paragraph  
13 shall have the meaning respectively ascribed thereto by the provisions of  
14 K.S.A. 2013 Supp. 75-643, and amendments thereto, and the provisions of  
15 such section are hereby incorporated by reference for all purposes thereof.

16 (xvi) For all taxable years beginning after December 31, 2004,  
17 amounts received by taxpayers who are or were members of the armed  
18 forces of the United States, including service in the Kansas army and air  
19 national guard, as a recruitment, sign up or retention bonus received by  
20 such taxpayer as an incentive to join, enlist or remain in the armed services  
21 of the United States, including service in the Kansas army and air national  
22 guard, and amounts received for repayment of educational or student loans  
23 incurred by or obligated to such taxpayer and received by such taxpayer as  
24 a result of such taxpayer's service in the armed forces of the United States,  
25 including service in the Kansas army and air national guard.

26 (xvii) For all taxable years beginning after December 31, 2004,  
27 amounts received by taxpayers who are eligible members of the Kansas  
28 army and air national guard as a reimbursement pursuant to K.S.A. 48-  
29 281, and amendments thereto, and amounts received for death benefits  
30 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section  
31 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and  
32 amendments thereto, to the extent that such death benefits are included in  
33 federal adjusted gross income of the taxpayer.

34 (xviii) For the taxable year beginning after December 31, 2006,  
35 amounts received as benefits under the federal social security act which  
36 are included in federal adjusted gross income of a taxpayer with federal  
37 adjusted gross income of \$50,000 or less, whether such taxpayer's filing  
38 status is single, head of household, married filing separate or married filing  
39 jointly; and for all taxable years beginning after December 31, 2007,  
40 amounts received as benefits under the federal social security act which  
41 are included in federal adjusted gross income of a taxpayer with federal  
42 adjusted gross income of \$75,000 or less, whether such taxpayer's filing  
43 status is single, head of household, married filing separate or married filing

1 jointly.

2 (xix) Amounts received by retired employees of Washburn university  
3 as retirement and pension benefits under the university's retirement plan.

4 (xx) For all taxable years beginning after December 31, 2012, the  
5 amount of any: (1) Net profit from business as determined under the  
6 federal internal revenue code and reported from schedule C and on line 12  
7 of the taxpayer's form 1040 federal individual income tax return; (2) net  
8 income from rental real estate, royalties, partnerships, S corporations,  
9 estates, trusts, residual interest in real estate mortgage investment conduits  
10 and net farm rental as determined under the federal internal revenue code  
11 and reported from schedule E and on line 17 of the taxpayer's form 1040  
12 federal individual income tax return; and (3) net farm profit as determined  
13 under the federal internal revenue code and reported from schedule F and  
14 on line 18 of the taxpayer's form 1040 federal income tax return; all to the  
15 extent included in the taxpayer's federal adjusted gross income. For  
16 purposes of this subsection, references to the federal form 1040 and  
17 federal schedule C, schedule E, and schedule F, shall be to such form and  
18 schedules as they existed for tax year 2011 and as revised thereafter by the  
19 internal revenue service.

20 (xxi) *For all taxable years beginning after December 31, 2013, the*  
21 *amount of any capital gain realized on the sale of gold and silver bullion*  
22 *coins issued by the federal government, to the extent that such gain is*  
23 *included in the taxpayer's federal adjusted gross income.*

24 (d) There shall be added to or subtracted from federal adjusted gross  
25 income the taxpayer's share, as beneficiary of an estate or trust, of the  
26 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and  
27 amendments thereto.

28 (e) The amount of modifications required to be made under this  
29 section by a partner which relates to items of income, gain, loss, deduction  
30 or credit of a partnership shall be determined under K.S.A. 79-32,131, and  
31 amendments thereto, to the extent that such items affect federal adjusted  
32 gross income of the partner.

33 Sec. 3. K.S.A. 2013 Supp. 79-3606 is hereby amended to read as  
34 follows: 79-3606. The following shall be exempt from the tax imposed by  
35 this act:

36 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
37 or excise tax has been paid, not subject to refund, under the laws of this  
38 state except cigarettes as defined by K.S.A. 79-3301, and amendments  
39 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-  
40 3817, and amendments thereto, including wort, liquid malt, malt syrup and  
41 malt extract, which is not subject to taxation under the provisions of  
42 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant  
43 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.



1 65-3424d, and amendments thereto, drycleaning and laundry services  
2 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross  
3 receipts from regulated sports contests taxed pursuant to the Kansas  
4 professional regulated sports act, and amendments thereto;

5 (b) all sales of tangible personal property or service, including the  
6 renting and leasing of tangible personal property, purchased directly by the  
7 state of Kansas, a political subdivision thereof, other than a school or  
8 educational institution, or purchased by a public or private nonprofit  
9 hospital or public hospital authority or nonprofit blood, tissue or organ  
10 bank and used exclusively for state, political subdivision, hospital or  
11 public hospital authority or nonprofit blood, tissue or organ bank purposes,  
12 except when: (1) Such state, hospital or public hospital authority is  
13 engaged or proposes to engage in any business specifically taxable under  
14 the provisions of this act and such items of tangible personal property or  
15 service are used or proposed to be used in such business; or (2) such  
16 political subdivision is engaged or proposes to engage in the business of  
17 furnishing gas, electricity or heat to others and such items of personal  
18 property or service are used or proposed to be used in such business;

19 (c) all sales of tangible personal property or services, including the  
20 renting and leasing of tangible personal property, purchased directly by a  
21 public or private elementary or secondary school or public or private  
22 nonprofit educational institution and used primarily by such school or  
23 institution for nonsectarian programs and activities provided or sponsored  
24 by such school or institution or in the erection, repair or enlargement of  
25 buildings to be used for such purposes. The exemption herein provided  
26 shall not apply to erection, construction, repair, enlargement or equipment  
27 of buildings used primarily for human habitation;

28 (d) all sales of tangible personal property or services purchased by a  
29 contractor for the purpose of constructing, equipping, reconstructing,  
30 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
31 any public or private nonprofit hospital or public hospital authority, public  
32 or private elementary or secondary school, a public or private nonprofit  
33 educational institution, state correctional institution including a privately  
34 constructed correctional institution contracted for state use and ownership,  
35 which would be exempt from taxation under the provisions of this act if  
36 purchased directly by such hospital or public hospital authority, school,  
37 educational institution or a state correctional institution; and all sales of  
38 tangible personal property or services purchased by a contractor for the  
39 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
40 enlarging, furnishing or remodeling facilities for any political subdivision  
41 of the state or district described in subsection (s), the total cost of which is  
42 paid from funds of such political subdivision or district and which would  
43 be exempt from taxation under the provisions of this act if purchased

1 directly by such political subdivision or district. Nothing in this subsection  
2 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be  
3 deemed to exempt the purchase of any construction machinery, equipment  
4 or tools used in the constructing, equipping, reconstructing, maintaining,  
5 repairing, enlarging, furnishing or remodeling facilities for any political  
6 subdivision of the state or any such district. As used in this subsection,  
7 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a  
8 political subdivision" shall mean general tax revenues, the proceeds of any  
9 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the  
10 purpose of constructing, equipping, reconstructing, repairing, enlarging,  
11 furnishing or remodeling facilities which are to be leased to the donor.  
12 When any political subdivision of the state, district described in subsection  
13 (s), public or private nonprofit hospital or public hospital authority, public  
14 or private elementary or secondary school, public or private nonprofit  
15 educational institution, state correctional institution including a privately  
16 constructed correctional institution contracted for state use and ownership  
17 shall contract for the purpose of constructing, equipping, reconstructing,  
18 maintaining, repairing, enlarging, furnishing or remodeling facilities, it  
19 shall obtain from the state and furnish to the contractor an exemption  
20 certificate for the project involved, and the contractor may purchase  
21 materials for incorporation in such project. The contractor shall furnish the  
22 number of such certificate to all suppliers from whom such purchases are  
23 made, and such suppliers shall execute invoices covering the same bearing  
24 the number of such certificate. Upon completion of the project the  
25 contractor shall furnish to the political subdivision, district described in  
26 subsection (s), hospital or public hospital authority, school, educational  
27 institution or department of corrections concerned a sworn statement, on a  
28 form to be provided by the director of taxation, that all purchases so made  
29 were entitled to exemption under this subsection. As an alternative to the  
30 foregoing procedure, any such contracting entity may apply to the  
31 secretary of revenue for agent status for the sole purpose of issuing and  
32 furnishing project exemption certificates to contractors pursuant to rules  
33 and regulations adopted by the secretary establishing conditions and  
34 standards for the granting and maintaining of such status. All invoices  
35 shall be held by the contractor for a period of five years and shall be  
36 subject to audit by the director of taxation. If any materials purchased  
37 under such a certificate are found not to have been incorporated in the  
38 building or other project or not to have been returned for credit or the sales  
39 or compensating tax otherwise imposed upon such materials which will  
40 not be so incorporated in the building or other project reported and paid by  
41 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
42 month following the close of the month in which it shall be determined  
43 that such materials will not be used for the purpose for which such

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

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

1 and amendments thereto;

2 (f) tangible personal property purchased by a railroad or public utility  
3 for consumption or movement directly and immediately in interstate  
4 commerce;

5 (g) sales of aircraft including remanufactured and modified aircraft  
6 sold to persons using directly or through an authorized agent such aircraft  
7 as certified or licensed carriers of persons or property in interstate or  
8 foreign commerce under authority of the laws of the United States or any  
9 foreign government or sold to any foreign government or agency or  
10 instrumentality of such foreign government and all sales of aircraft for use  
11 outside of the United States and sales of aircraft repair, modification and  
12 replacement parts and sales of services employed in the remanufacture,  
13 modification and repair of aircraft;

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

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

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

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

29 (l) all isolated or occasional sales of tangible personal property,  
30 services, substances or things, except isolated or occasional sale of motor  
31 vehicles specifically taxed under the provisions of subsection (o) of K.S.A.  
32 79-3603, and amendments thereto;

33 (m) all sales of tangible personal property which become an  
34 ingredient or component part of tangible personal property or services  
35 produced, manufactured or compounded for ultimate sale at retail within  
36 or without the state of Kansas; and any such producer, manufacturer or  
37 compounder may obtain from the director of taxation and furnish to the  
38 supplier an exemption certificate number for tangible personal property for  
39 use as an ingredient or component part of the property or services  
40 produced, manufactured or compounded;

41 (n) all sales of tangible personal property which is consumed in the  
42 production, manufacture, processing, mining, drilling, refining or  
43 compounding of tangible personal property, the treating of by-products or

1 wastes derived from any such production process, the providing of  
2 services or the irrigation of crops for ultimate sale at retail within or  
3 without the state of Kansas; and any purchaser of such property may  
4 obtain from the director of taxation and furnish to the supplier an  
5 exemption certificate number for tangible personal property for  
6 consumption in such production, manufacture, processing, mining,  
7 drilling, refining, compounding, treating, irrigation and in providing such  
8 services;

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

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

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

32 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
33 enteral feeding systems, prosthetic devices and mobility enhancing  
34 equipment prescribed in writing by a person licensed to practice the  
35 healing arts, dentistry or optometry, and in addition to such sales, all sales  
36 of hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and  
37 amendments thereto, and repair and replacement parts therefor, including  
38 batteries, by a person licensed in the practice of dispensing and fitting  
39 hearing aids pursuant to the provisions of K.S.A. 74-5808, and  
40 amendments thereto. For the purposes of this subsection: (1) "Mobility  
41 enhancing equipment" means equipment including repair and replacement  
42 parts to same, but does not include durable medical equipment, which is  
43 primarily and customarily used to provide or increase the ability to move

1 from one place to another and which is appropriate for use either in a  
2 home or a motor vehicle; is not generally used by persons with normal  
3 mobility; and does not include any motor vehicle or equipment on a motor  
4 vehicle normally provided by a motor vehicle manufacturer; and (2)  
5 "prosthetic device" means a replacement, corrective or supportive device  
6 including repair and replacement parts for same worn on or in the body to  
7 artificially replace a missing portion of the body, prevent or correct  
8 physical deformity or malfunction or support a weak or deformed portion  
9 of the body;

10 (s) except as provided in K.S.A. 2013 Supp. 82a-2101, and  
11 amendments thereto, all sales of tangible personal property or services  
12 purchased directly or indirectly by a groundwater management district  
13 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
14 amendments thereto, by a rural water district organized or operating under  
15 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
16 supply district organized or operating under the authority of K.S.A. 19-  
17 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which  
18 property or services are used in the construction activities, operation or  
19 maintenance of the district;

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

1 include the operation of a feedlot and farm and ranch work for hire and the  
2 operation of a nursery;

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

6 (v) all sales of tangible personal property to any contractor for use in  
7 preparing meals for delivery to homebound elderly persons over 60 years  
8 of age and to homebound disabled persons or to be served at a group-  
9 sitting at a location outside of the home to otherwise homebound elderly  
10 persons over 60 years of age and to otherwise homebound disabled  
11 persons, as all or part of any food service project funded in whole or in  
12 part by government or as part of a private nonprofit food service project  
13 available to all such elderly or disabled persons residing within an area of  
14 service designated by the private nonprofit organization, and all sales of  
15 tangible personal property for use in preparing meals for consumption by  
16 indigent or homeless individuals whether or not such meals are consumed  
17 at a place designated for such purpose, and all sales of food products by or  
18 on behalf of any such contractor or organization for any such purpose;

19 (w) all sales of natural gas, electricity, heat and water delivered  
20 through mains, lines or pipes: (1) To residential premises for  
21 noncommercial use by the occupant of such premises; (2) for agricultural  
22 use and also, for such use, all sales of propane gas; (3) for use in the  
23 severing of oil; and (4) to any property which is exempt from property  
24 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this  
25 paragraph, "severing" shall have the meaning ascribed thereto by  
26 subsection (k) of K.S.A. 79-4216, and amendments thereto. For all sales of  
27 natural gas, electricity and heat delivered through mains, lines or pipes  
28 pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions  
29 of this subsection shall expire on December 31, 2005;

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

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

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

40 (aa) all sales of materials and services applied to equipment which is  
41 transported into the state from without the state for repair, service,  
42 alteration, maintenance, remanufacture or modification and which is  
43 subsequently transported outside the state for use in the transmission of

1 liquids or natural gas by means of pipeline in interstate or foreign  
2 commerce under authority of the laws of the United States;

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

8 (cc) all sales of tangible personal property or services purchased prior  
9 to January 1, 2012, except as otherwise provided, for the purpose of and in  
10 conjunction with constructing, reconstructing, enlarging or remodeling a  
11 business or retail business which meets the requirements established in  
12 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
13 machinery and equipment purchased for installation at any such business  
14 or retail business, and all sales of tangible personal property or services  
15 purchased on or after January 1, 2012, for the purpose of and in  
16 conjunction with constructing, reconstructing, enlarging or remodeling a  
17 business which meets the requirements established in K.S.A. 74-50,115(e),  
18 and amendments thereto, and the sale and installation of machinery and  
19 equipment purchased for installation at any such business. When a person  
20 shall contract for the construction, reconstruction, enlargement or  
21 remodeling of any such business or retail business, such person shall  
22 obtain from the state and furnish to the contractor an exemption certificate  
23 for the project involved, and the contractor may purchase materials,  
24 machinery and equipment for incorporation in such project. The contractor  
25 shall furnish the number of such certificates to all suppliers from whom  
26 such purchases are made, and such suppliers shall execute invoices  
27 covering the same bearing the number of such certificate. Upon  
28 completion of the project the contractor shall furnish to the owner of the  
29 business or retail business a sworn statement, on a form to be provided by  
30 the director of taxation, that all purchases so made were entitled to  
31 exemption under this subsection. All invoices shall be held by the  
32 contractor for a period of five years and shall be subject to audit by the  
33 director of taxation. Any contractor or any agent, employee or  
34 subcontractor thereof, who shall use or otherwise dispose of any materials,  
35 machinery or equipment purchased under such a certificate for any  
36 purpose other than that for which such a certificate is issued without the  
37 payment of the sales or compensating tax otherwise imposed thereon, shall  
38 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
39 to the penalties provided for in subsection (g) of K.S.A. 79-3615, and  
40 amendments thereto. As used in this subsection, "business" and "retail  
41 business" have the meanings respectively ascribed thereto by K.S.A. 74-  
42 50,114, and amendments thereto. Project exemption certificates that have  
43 been previously issued under this subsection by the department of revenue



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

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

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

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

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

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

35 (ii) all sales of tangible personal property purchased directly by a  
36 nonprofit organization for nonsectarian comprehensive multidiscipline  
37 youth development programs and activities provided or sponsored by such  
38 organization, and all sales of tangible personal property by or on behalf of  
39 any such organization. This exemption shall not apply to tangible personal  
40 property customarily used for human habitation purposes;

41 (jj) all sales of tangible personal property or services, including the  
42 renting and leasing of tangible personal property, purchased directly on  
43 behalf of a community-based facility for people with intellectual disability

1 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
2 amendments thereto, and licensed in accordance with the provisions of  
3 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible  
4 personal property or services purchased by contractors during the time  
5 period from July, 2003, through June, 2006, for the purpose of  
6 constructing, equipping, maintaining or furnishing a new facility for a  
7 community-based facility for people with intellectual disability or mental  
8 health center located in Riverton, Cherokee County, Kansas, which would  
9 have been eligible for sales tax exemption pursuant to this subsection if  
10 purchased directly by such facility or center. This exemption shall not  
11 apply to tangible personal property customarily used for human habitation  
12 purposes;

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

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

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

20 (2) For purposes of this subsection:

21 (A) "Integrated production operation" means an integrated series of  
22 operations engaged in at a manufacturing or processing plant or facility to  
23 process, transform or convert tangible personal property by physical,  
24 chemical or other means into a different form, composition or character  
25 from that in which it originally existed. Integrated production operations  
26 shall include: (i) Production line operations, including packaging  
27 operations; (ii) preproduction operations to handle, store and treat raw  
28 materials; (iii) post production handling, storage, warehousing and  
29 distribution operations; and (iv) waste, pollution and environmental  
30 control operations, if any;

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

34 (C) "manufacturing or processing plant or facility" means a single,  
35 fixed location owned or controlled by a manufacturing or processing  
36 business that consists of one or more structures or buildings in a  
37 contiguous area where integrated production operations are conducted to  
38 manufacture or process tangible personal property to be ultimately sold at  
39 retail. Such term shall not include any facility primarily operated for the  
40 purpose of conveying or assisting in the conveyance of natural gas,  
41 electricity, oil or water. A business may operate one or more manufacturing  
42 or processing plants or facilities at different locations to manufacture or  
43 process a single product of tangible personal property to be ultimately sold

1 at retail;

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

35 (E) "repair and replacement parts and accessories" means all parts  
36 and accessories for exempt machinery and equipment, including, but not  
37 limited to, dies, jigs, molds, patterns and safety devices that are attached to  
38 exempt machinery or that are otherwise used in production, and parts and  
39 accessories that require periodic replacement such as belts, drill bits,  
40 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
41 other refractory items for exempt kiln equipment used in production  
42 operations;

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

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

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

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

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

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

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

17 (F) to plan, manage, control or record the receipt and flow of  
18 inventories of raw materials, consumables and component parts, the flow  
19 of the property undergoing manufacturing or processing and the  
20 management of inventories of the finished product;

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

24 (H) to package the property being manufactured or processed in a  
25 container or wrapping in which such property is normally sold or  
26 transported;

27 (I) to transmit or transport electricity, coke, gas, water, steam or  
28 similar substances used in production operations from the point of  
29 generation, if produced by the manufacturer or processor at the plant site,  
30 to that manufacturer's production operation; or, if purchased or delivered  
31 from off-site, from the point where the substance enters the site of the  
32 plant or facility to that manufacturer's production operations;

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

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

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

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

43 (4) The following machinery, equipment and materials shall be

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

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

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

28 (B) machinery, equipment and tools used primarily in maintaining  
29 and repairing any type of machinery and equipment or the building and  
30 plant;

31 (C) transportation, transmission and distribution equipment not  
32 primarily used in a production, warehousing or material handling  
33 operation at the plant or facility, including the means of conveyance of  
34 natural gas, electricity, oil or water, and equipment related thereto, located  
35 outside the plant or facility;

36 (D) office machines and equipment including computers and related  
37 peripheral equipment not used directly and primarily to control or measure  
38 the manufacturing process;

39 (E) furniture and other furnishings;

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

43 (G) building fixtures that are not integral to the manufacturing

1 operation, such as utility systems for heating, ventilation, air conditioning,  
2 communications, plumbing or electrical;

3 (H) machinery and equipment used for general plant heating, cooling  
4 and lighting;

5 (I) motor vehicles that are registered for operation on public  
6 highways; or

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

10 (6) Subsections (3) and (5) shall not be construed as exclusive listings  
11 of the machinery and equipment that qualify or do not qualify as an  
12 integral or essential part of an integrated production operation. When  
13 machinery or equipment is used as an integral or essential part of  
14 production operations part of the time and for nonproduction purpose at  
15 other times, the primary use of the machinery or equipment shall  
16 determine whether or not such machinery or equipment qualifies for  
17 exemption.

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

20 (ll) all sales of educational materials purchased for distribution to the  
21 public at no charge by a nonprofit corporation organized for the purpose of  
22 encouraging, fostering and conducting programs for the improvement of  
23 public health, except that for taxable years commencing after December  
24 31, 2013, this subsection shall not apply to any sales of such materials  
25 purchased by a nonprofit corporation which performs any abortion, as  
26 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

39 (qq) all sales of tangible personal property and services purchased by  
40 a nonprofit museum or historical society or any combination thereof,  
41 including a nonprofit organization which is organized for the purpose of  
42 stimulating public interest in the exploration of space by providing  
43 educational information, exhibits and experiences, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal  
2 internal revenue code of 1986;

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

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

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

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

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

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

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

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

37 (4) the American Diabetes Association Kansas Affiliate, Inc. for the  
38 purpose of eliminating diabetes through medical research, public education  
39 focusing on disease prevention and education, patient education including  
40 information on coping with diabetes, and professional education and  
41 training;

42 (5) the American Lung Association of Kansas, Inc. for the purpose of  
43 eliminating all lung diseases through medical research, public education

1 including information on coping with lung diseases, professional education  
2 and training related to lung disease and other related services to reduce the  
3 incidence of disability and death due to lung disease;

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

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

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

14 (9) the heartstrings community foundation for the purpose of  
15 providing training, employment and activities for adults with  
16 developmental disabilities;

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

20 (11) the spina bifida association of Kansas for the purpose of  
21 providing financial, educational and practical aid to families and  
22 individuals with spina bifida. Such aid includes, but is not limited to,  
23 funding for medical devices, counseling and medical educational  
24 opportunities;

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

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

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

35 (15) the KSDS, Inc., for the purpose of promoting the independence  
36 and inclusion of people with disabilities as fully participating and  
37 contributing members of their communities and society through the  
38 training and providing of guide and service dogs to people with  
39 disabilities, and providing disability education and awareness to the  
40 general public;

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (fff) all sales of material handling equipment, racking systems and  
38 other related machinery and equipment that is used for the handling,  
39 movement or storage of tangible personal property in a warehouse or  
40 distribution facility in this state; all sales of installation, repair and  
41 maintenance services performed on such machinery and equipment; and  
42 all sales of repair and replacement parts for such machinery and  
43 equipment. For purposes of this subsection, a warehouse or distribution

1 facility means a single, fixed location that consists of buildings or  
2 structures in a contiguous area where storage or distribution operations are  
3 conducted that are separate and apart from the business' retail operations,  
4 if any, and which do not otherwise qualify for exemption as occurring at a  
5 manufacturing or processing plant or facility. Material handling and  
6 storage equipment shall include aeration, dust control, cleaning, handling  
7 and other such equipment that is used in a public grain warehouse or other  
8 commercial grain storage facility, whether used for grain handling, grain  
9 storage, grain refining or processing, or other grain treatment operation;

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

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

18 (iii) all sales of personal property and services purchased by an  
19 organization which is exempt from federal income taxation pursuant to  
20 section 501(c)(3) of the federal internal revenue code of 1986, and which  
21 such personal property and services are used by any such organization in  
22 the collection, storage and distribution of food products to nonprofit  
23 organizations which distribute such food products to persons pursuant to a  
24 food distribution program on a charitable basis without fee or charge, and  
25 all sales of tangible personal property or services purchased by a  
26 contractor for the purpose of constructing, equipping, reconstructing,  
27 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
28 for the collection and storage of such food products for any such  
29 organization which is exempt from federal income taxation pursuant to  
30 section 501(c)(3) of the federal internal revenue code of 1986, which  
31 would be exempt from taxation under the provisions of this section if  
32 purchased directly by such organization. Nothing in this subsection shall  
33 be deemed to exempt the purchase of any construction machinery,  
34 equipment or tools used in the constructing, equipping, reconstructing,  
35 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
36 any such organization. When any such organization shall contract for the  
37 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
38 enlarging, furnishing or remodeling facilities, it shall obtain from the state  
39 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 such  
2 organization concerned a sworn statement, on a form to be provided by the  
3 director of taxation, that all purchases so made were entitled to exemption  
4 under this subsection. All invoices shall be held by the contractor for a  
5 period of five years and shall be subject to audit by the director of taxation.  
6 If any materials purchased under such a certificate are found not to have  
7 been incorporated in such facilities or not to have been returned for credit  
8 or the sales or compensating tax otherwise imposed upon such materials  
9 which will not be so incorporated in such facilities reported and paid by  
10 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
11 month following the close of the month in which it shall be determined  
12 that such materials will not be used for the purpose for which such  
13 certificate was issued, such organization concerned shall be liable for tax  
14 on all materials purchased for the project, and upon payment thereof it  
15 may recover the same from the contractor together with reasonable  
16 attorney fees. Any contractor or any agent, employee or subcontractor  
17 thereof, who shall use or otherwise dispose of any materials purchased  
18 under such a certificate for any purpose other than that for which such a  
19 certificate is issued without the payment of the sales or compensating tax  
20 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
21 and, upon conviction therefor, shall be subject to the penalties provided for  
22 in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax  
23 paid on and after July 1, 2005, but prior to the effective date of this act  
24 upon the gross receipts received from any sale exempted by the  
25 amendatory provisions of this subsection shall be refunded. Each claim for  
26 a sales tax refund shall be verified and submitted to the director of taxation  
27 upon forms furnished by the director and shall be accompanied by any  
28 additional documentation required by the director. The director shall  
29 review each claim and shall refund that amount of sales tax paid as  
30 determined under the provisions of this subsection. All refunds shall be  
31 paid from the sales tax refund fund upon warrants of the director of  
32 accounts and reports pursuant to vouchers approved by the director or the  
33 director's designee;

34 (jjj) all sales of dietary supplements dispensed pursuant to a  
35 prescription order by a licensed practitioner or a mid-level practitioner as  
36 defined by K.S.A. 65-1626, and amendments thereto. As used in this  
37 subsection, "dietary supplement" means any product, other than tobacco,  
38 intended to supplement the diet that: (1) Contains one or more of the  
39 following dietary ingredients: A vitamin, a mineral, an herb or other  
40 botanical, an amino acid, a dietary substance for use by humans to  
41 supplement the diet by increasing the total dietary intake or a concentrate,  
42 metabolite, constituent, extract or combination of any such ingredient; (2)  
43 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or

1 liquid form, or if not intended for ingestion, in such a form, is not  
2 represented as conventional food and is not represented for use as a sole  
3 item of a meal or of the diet; and (3) is required to be labeled as a dietary  
4 supplement, identifiable by the supplemental facts box found on the label  
5 and as required pursuant to 21 C.F.R. § 101.36;

6 (lll) all sales of tangible personal property and services purchased by  
7 special olympics Kansas, inc. for the purpose of providing year-round  
8 sports training and athletic competition in a variety of olympic-type sports  
9 for individuals with intellectual disabilities by giving them continuing  
10 opportunities to develop physical fitness, demonstrate courage, experience  
11 joy and participate in a sharing of gifts, skills and friendship with their  
12 families, other special olympics athletes and the community, and activities  
13 provided or sponsored by such organization, and all sales of tangible  
14 personal property by or on behalf of any such organization;

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

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

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

30 (ppp) all sales of tangible personal property and services purchased  
31 by or on behalf of a homeless shelter which is exempt from federal income  
32 taxation pursuant to section 501(c)(3) of the federal income tax code of  
33 1986, and used by any such homeless shelter to provide emergency and  
34 transitional housing for individuals and families experiencing  
35 homelessness, and all sales of any such property by or on behalf of any  
36 such homeless shelter for any such purpose;

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



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

39 (rrr) all sales of tangible personal property and services purchased by  
40 any county law library maintained pursuant to law and sales of tangible  
41 personal property and services purchased by an organization which would  
42 have been exempt from taxation under the provisions of this subsection if  
43 purchased directly by the county law library for the purpose of providing

1 legal resources to attorneys, judges, students and the general public, and  
2 all sales of any such property by or on behalf of any such county law  
3 library;

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

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

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

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

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

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

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

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

28 (xxx) all sales of personal property and services purchased by the  
29 booth theatre foundation, inc., an organization which is exempt from  
30 federal income taxation pursuant to section 501(c)(3) of the federal  
31 internal revenue code of 1986, and which such personal property and  
32 services are used by any such organization in the constructing, equipping,  
33 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
34 of the booth theatre, and all sales of tangible personal property or services  
35 purchased by a contractor for the purpose of constructing, equipping,  
36 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
37 the booth theatre for such organization, which would be exempt from  
38 taxation under the provisions of this section if purchased directly by such  
39 organization. Nothing in this subsection shall be deemed to exempt the  
40 purchase of any construction machinery, equipment or tools used in the  
41 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
42 furnishing or remodeling facilities for any such organization. When any  
43 such organization shall contract for the purpose of constructing, equipping,

1 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
2 facilities, it shall obtain from the state and furnish to the contractor an  
3 exemption certificate for the project involved, and the contractor may  
4 purchase materials for incorporation in such project. The contractor shall  
5 furnish the number of such certificate to all suppliers from whom such  
6 purchases are made, and such suppliers shall execute invoices covering the  
7 same bearing the number of such certificate. Upon completion of the  
8 project the contractor shall furnish to such organization 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. All  
11 invoices shall be held by the contractor for a period of five years and shall  
12 be subject to audit by the director of taxation. If any materials purchased  
13 under such a certificate are found not to have been incorporated in such  
14 facilities or not to have been returned for credit or the sales or  
15 compensating tax otherwise imposed upon such materials which will not  
16 be so incorporated in such facilities reported and paid by such contractor  
17 to the director of taxation not later than the 20<sup>th</sup> day of the month following  
18 the close of the month in which it shall be determined that such materials  
19 will not be used for the purpose for which such certificate was issued, such  
20 organization concerned shall be liable for tax on all materials purchased  
21 for the project, and upon payment thereof it may recover the same from  
22 the contractor together with reasonable attorney fees. Any contractor or  
23 any agent, employee or subcontractor thereof, who shall use or otherwise  
24 dispose of any materials purchased under such a certificate for any purpose  
25 other than that for which such a certificate is issued without the payment  
26 of the sales or compensating tax otherwise imposed upon such materials,  
27 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
28 subject to the penalties provided for in subsection (g) of K.S.A. 79-3615,  
29 and amendments thereto. Sales tax paid on and after January 1, 2007, but  
30 prior to the effective date of this act upon the gross receipts received from  
31 any sale which would have been exempted by the provisions of this  
32 subsection had such sale occurred after the effective date of this act shall  
33 be refunded. Each claim for a sales tax refund shall be verified and  
34 submitted to the director of taxation upon forms furnished by the director  
35 and shall be accompanied by any additional documentation required by the  
36 director. The director shall review each claim and shall refund that amount  
37 of sales tax paid as determined under the provisions of this subsection. All  
38 refunds shall be paid from the sales tax refund fund upon warrants of the  
39 director of accounts and reports pursuant to vouchers approved by the  
40 director or the director's designee;

41 (yyy) all sales of tangible personal property and services purchased  
42 by TLC charities foundation, inc., hereinafter referred to as TLC charities,  
43 which is exempt from federal income taxation pursuant to section 501(c)

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

43 (zzz) all sales of tangible personal property purchased by the rotary

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

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

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

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

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

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

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



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

41 (gggg) all sales of game birds for which the primary purpose is use in  
42 hunting; and

43 (hhhh) all sales of gold and silver bullion coins issued by the federal

1 *government.*

2       Sec. 4. K.S.A. 2013 Supp. 79-32,117 and 79-3606 are hereby  
3 repealed.

4       Sec. 5. This act shall take effect and be in force from and after its  
5 publication in the statute book.