

HOUSE BILL No. 2604

By Committee on Taxation

2-3

Ballroom Amendment
House Committee on Taxation

1 AN ACT concerning sales taxation; relating to exemptions, Gove county
2 healthcare endowment foundation, inc.; amending K.S.A. 2015 Supp.
3 79-3606 and repealing the existing section.
4

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

6 Section 1. K.S.A. 2015 Supp. 79-3606 is hereby amended to read as
7 follows: 79-3606. The following shall be exempt from the tax imposed by
8 this act:

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

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

36 (c) all sales of tangible personal property or services, including the

Hinkman #2 3/19

1 of a misdemeanor and, upon conviction, shall be subject to the penalties
2 provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

15 (iii) all sales of tangible personal property and services purchased

16 by *Gove county healthcare endowment foundation, inc., which is exempt*
17 *from federal income taxation pursuant to section 501(c)(3) of the federal*
18 *internal revenue code of 1986, and which such property and services are*
19 *used for the purpose of constructing* reconstructing and

20 ~~maintaining, repairing, enlarging, furnishing or remodeling~~ an airport in
21 *Quinter, Kansas, and all sales of tangible personal property or services*

22 *purchased by a contractor for the purpose of constructing* equipping reconstructing

23 ~~reconstructing, maintaining, repairing, enlarging, furnishing or~~

24 ~~remodeling~~ an airport in *Quinter, Kansas, for such organization, which*

25 *would be exempt from taxation under the provisions of this section if*

26 *purchased directly by such organization. Nothing in this subsection shall*

27 *be deemed to exempt the purchase of any construction machinery,*

28 *equipment or tools used in the constructing* equipping reconstructing or

29 ~~maintaining, repairing, enlarging, furnishing or remodeling~~ facilities for

30 *such organization. When such organization shall contract for the purpose*

31 *of constructing* equipping reconstructing maintaining, repairing,

32 ~~enlarging, furnishing or remodeling~~ an airport in *Quinter, Kansas, it shall*

33 *obtain from the state and furnish to the contractor an exemption certificate*

34 *for the project involved, and the contractor may purchase materials for*

35 *incorporation in such project. The contractor shall furnish the number of*

36 *such certificate to all suppliers from whom such purchases are made, and*

37 *such suppliers shall execute invoices covering the same bearing the*

38 *number of such certificate. Upon completion of the project, the contractor*

39 *shall furnish to such organization concerned a sworn statement, on a form*

40 *to be provided by the director of taxation, that all purchases so made were*

41 *entitled to exemption under this subsection. All invoices shall be held by*

42 *the contractor for a period of five years and shall be subject to audit by*

43 *the director of taxation. If any materials purchased under such a*

1 *certificate are found not to have been incorporated in such facilities or not*
2 *to have been returned for credit or the sales or compensating tax*
3 *otherwise imposed upon such materials which will not be so incorporated*
4 *in such facilities reported and paid by such contractor to the director of*
5 *taxation no later than the 20th day of the month following the close of the*
6 *month in which it shall be determined that such materials will not be used*
7 *for the purpose for which such certificate was issued, such organization*
8 *concerned shall be liable for tax on all materials purchased for the*
9 *project, and upon payment thereof it may recover the same from the*
10 *contractor together with reasonable attorney fees. Any contractor or any*
11 *agent, employee or subcontractor thereof, who purchased under such a*
12 *certificate for any purpose other than that for which such a certificate is*
13 *issued without the payment of the sales or compensating tax otherwise*
14 *imposed upon such materials, shall be guilty of a misdemeanor and, upon*
15 *conviction therefor, shall be subject to the penalties provided for in K.S.A.*

16 *79-3615(h), and amendments thereto.*

17 *Sec. 2. K.S.A. 2015 Supp. 79-3606 is hereby repealed.*

18 *Sec. 3. This act shall take effect and be in force from and after its*
19 *publication in the statute book.*