

HOUSE BILL No. 2428

By Committee on Taxation

5-5

1 AN ACT concerning taxation; relating to income tax, rates on
2 corporations; sunseting certain credits for high performance firms;
3 payroll withholding taxes, sunseting benefits under the promoting
4 employment across Kansas act; sales tax, sunseting certain exemptions
5 for high performance firms; amending K.S.A. 2014 Supp. 74-50,115,
6 74-50,132, 74-50,212, 79-32,110, 79-32,160a and 79-3606 and
7 repealing the existing sections.
8

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

10 New Section 1. For taxable years commencing after December 31,
11 2015, no benefits may be earned through the promoting employment
12 across Kansas act, K.S.A. 2014 Supp. 74-50,210 et seq., and amendments
13 thereto. Any qualified company that has earned benefits through the
14 promoting employment across Kansas act, K.S.A. 2014 Supp. 74-50,210 et
15 seq., and amendments thereto, may continue to receive such benefits after
16 December 31, 2015, until such time as the benefits have been completely
17 exhausted and as long as all requirements continue to be met.

18 Sec. 2. K.S.A. 2014 Supp. 74-50,115 is hereby amended to read as
19 follows: 74-50,115. (a) A manufacturing business may be eligible for a
20 sales tax exemption under the provisions of ~~subsection (ee)~~ of K.S.A. 79-
21 3606(cc), and amendments thereto, if the manufacturing business complies
22 with the following requirements:

23 (1) A manufacturing business shall provide documented evidence of
24 job expansion involving the employment of at least two additional full-
25 time employees; and

26 (2) a manufacturing business located within the state of Kansas that
27 has documented evidence of job expansion as provided in paragraph (1),
28 which relocates in another city or county within the state of Kansas must
29 receive approval from the secretary prior to qualifying for the sales tax
30 exemption in ~~subsection (ee)~~ of K.S.A. 79-3606(cc), and amendments
31 thereto, except that approval by the secretary shall not be required if the
32 manufacturing business relocates within the same city.

33 (b) A nonmanufacturing business may be eligible for a sales tax
34 exemption under the provisions of ~~subsection (ee)~~ of K.S.A. 79-3606(cc),
35 and amendments thereto, if the nonmanufacturing business complies with
36 the following requirements:

1 (1) A nonmanufacturing business shall provide documented evidence
2 of job expansion involving the employment of at least five additional full-
3 time employees; and

4 (2) a nonmanufacturing business located within the state of Kansas
5 that has documented evidence of job expansion as provided in paragraph
6 (1), which relocates in another city or county within the state of Kansas
7 must receive approval from the secretary prior to qualifying for the sales
8 tax exemption in ~~subsection (ee) of K.S.A. 79-3606(cc)~~, and amendments
9 thereto, except that approval by the secretary shall not be required if the
10 nonmanufacturing business relocates within the same city.

11 (c) A retail business may qualify for the sales tax exemption under
12 ~~subsection (ee) of K.S.A. 79-3606(cc)~~, and amendments thereto, if the
13 retail business complies with the following requirements:

14 (1) A retail business shall provide documented evidence of job
15 expansion involving the employment of at least two additional full-time
16 employees; and

17 (2) (A) such retail business locates or expands to a city having a
18 population of 2,500 or less, as determined by the latest Kansas division of
19 budget revised population numbers that are certified to the secretary of
20 state;; or (B) such retail business locates or expands to a location outside a
21 city in a county having a population of 10,000 or less, as determined by
22 the latest Kansas division of budget revised population numbers that are
23 certified to the secretary of state.

24 (d) Any person constructing, reconstructing, remodeling or enlarging
25 a facility which will be leased in whole or in part for a period of five years
26 or more, or commencing on the effective date of this act and ending on
27 April 1, 2007, any person constructing, reconstructing, remodeling or
28 enlarging a facility located within Saline county which title of such facility
29 will be conveyed, to a business that would be eligible for a sales tax
30 exemption hereunder if such business had constructed, reconstructed,
31 enlarged or remodeled such facility or portion thereof itself shall be
32 entitled to the sales tax exemption under the provisions of ~~subsection (ee)~~
33 ~~of K.S.A. 79-3606(cc)~~, and amendments thereto. When such person leases
34 less than the total facility to an eligible business, a project exemption
35 certificate may be granted on: (1) The total cost of constructing,
36 reconstructing, remodeling or enlarging, the facility multiplied by a
37 fraction given by dividing the number of leased square feet eligible for the
38 sales tax exemption by the total square feet being constructed,
39 reconstructed, remodeled or enlarged; or (2) the actual cost of
40 constructing, reconstructing, remodeling or enlarging that portion of the
41 facility to be occupied by the eligible business, as the person may elect.

42 (e) *Prior to January 1, 2016*, a business may qualify for a sales tax
43 exemption under ~~subsection (ee) of K.S.A. 79-3606(cc)~~, and amendments

1 thereto, without regard to any of the foregoing requirements of this section
2 if it is certified as a qualified firm by the secretary of commerce pursuant
3 to K.S.A. 74-50,131, and amendments thereto, and is entitled to the
4 corporate tax credit established in K.S.A. 74-50,132, and amendments
5 thereto, or has received written approval for participation and has
6 participated, during the tax year in which the exemption is claimed, in
7 training assistance by the department of commerce under the Kansas
8 industrial training, Kansas industrial retraining or state of Kansas
9 investments in lifelong learning program.

10 (f) The secretary may adopt rules and regulations to implement and
11 administer the provisions of this section.

12 Sec. 3. K.S.A. 2014 Supp. 74-50,132 is hereby amended to read as
13 follows: 74-50,132. (a) For taxable years commencing after December 31,
14 1997, *and ending before January 1, 2016*, a qualified firm shall be entitled
15 to a credit against the tax imposed by the Kansas income tax act, the
16 premium tax or privilege fee imposed pursuant to K.S.A. 40-252, and
17 amendments thereto, or the privilege tax as measured by net income of
18 financial institutions imposed pursuant to chapter 79, article 11 of the
19 Kansas Statutes Annotated, *and amendments thereto*, in an amount equal
20 to the portion of the qualified business facility cash investment in the
21 training and education of the firm's employees that exceeds 2% of the
22 firm's total payroll costs. The maximum amount of the credit that may be
23 claimed by a single corporate taxpayer in any single tax year under this
24 section shall not exceed \$50,000. Tax credits earned by a qualified
25 business under this section must be claimed in their entirety in the tax year
26 eligible.

27 (b) For tax years commencing after December 31, 2005, any taxpayer
28 claiming credits pursuant to this section, as a condition for claiming and
29 qualifying for such credits, shall provide information pursuant to K.S.A.
30 2014 Supp. 79-32,243, and amendments thereto, as part of the tax return in
31 which such credits are claimed. Such credits shall not be denied solely on
32 the basis of the contents of the information provided by the taxpayer
33 pursuant to K.S.A. 2014 Supp. 79-32,243, and amendments thereto.

34 Sec. 4. K.S.A. 2014 Supp. 74-50,212 is hereby amended to read as
35 follows: 74-50,212. (a) In order to qualify for benefits under this act a
36 qualified company shall:

37 (1) Relocate to Kansas an existing business facility, office,
38 department or other operation doing business outside the state of Kansas
39 and locate the jobs directly related to such relocated business facility,
40 office, department or other operation in Kansas;

41 (2) locate a new business facility, office, department or other
42 operation in Kansas and locate the jobs directly related to such business
43 facility, office, department or other operation in Kansas; or

1 (3) expand an existing business facility, office, department or other
2 operation located in the state of Kansas and locate the jobs directly related
3 to such business facility, office, department or other operation in Kansas,
4 except that no payroll withholding taxes shall be retained prior to January
5 1, 2012.

6 A qualified company may utilize or contract with a third-party
7 employer to perform services whereby the third-party employer serves as
8 the legal employer of the new employees providing services to the
9 qualified company and such services are performed in Kansas and the
10 third-party employer and the new employees are subject to the Kansas
11 withholding and declaration of estimated tax act.

12 (b) Any qualified company, approved by the secretary for benefits
13 pursuant to paragraph (a), that locates its business operation in a
14 metropolitan county and will hire at least 10 new employees within two
15 years from the date the qualified company enters into an agreement with
16 the secretary pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments
17 thereto, or any qualified company, approved by the secretary for benefits
18 pursuant to paragraph (a), that locates its business operation in a non-
19 metropolitan county and will hire at least five new employees within two
20 years from the date the qualified company enters into an agreement with
21 the secretary pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments
22 thereto, shall: (1) Be eligible to retain 95% of the qualified company's
23 Kansas payroll withholding taxes for such new employees being paid the
24 county median wage or higher for a period of up to:

25 (A) Five years if the median wage or average wage paid to the new
26 employees is equal to at least 100% of the county median wage;

27 (B) six years if the median wage or average wage paid to the new
28 employees is equal to at least 110% of the county median wage;

29 (C) seven years if the median wage or average wage paid to the new
30 employees is equal to at least 120% of the county median wage; or

31 (2) be eligible to retain 95% of the qualified company's Kansas
32 payroll withholding taxes for such new employees being paid the county
33 median wage or higher for a period of up to five years if the median wage
34 or average wage paid to the new employees is equal to at least 100% of the
35 NAICS code industry average wage.

36 (c) Any qualified company, approved by the secretary for benefits
37 pursuant to paragraph (a), that engages in a high-impact project whereby
38 the qualified company will hire at least 100 new employees within two
39 years from the date the qualified company enters into an agreement with
40 the secretary pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments
41 thereto, shall be eligible to retain 95% of the qualified company's Kansas
42 payroll withholding taxes for such new employees being paid the county
43 median wage or higher for a period of up to:

1 (1) Seven years if the median wage or average wage paid to the new
2 employees is equal to at least 100% of the county median wage;

3 (2) eight years if the median wage or average wage paid to the new
4 employees is equal to at least 110% of the county median wage;

5 (3) nine years if the median wage or average wage paid to the new
6 employees is equal to at least 120% of the county median wage; or

7 (4) ten years if the median wage or average wage paid to the new
8 employees is equal to at least 140% of the county median wage.

9 (d) In the event that a qualified company contracts with a third party
10 as described in subsection (a), the third party shall remit payments equal to
11 the amount of Kansas payroll withholding taxes the qualified company is
12 eligible to retain under this section to the qualified company, and report
13 such amount to the department of revenue as required pursuant to
14 ~~subsection (a) of K.S.A. 2014 Supp. 74-50,214(a)~~, and amendments
15 thereto.

16 (e) Commencing January 1, 2013, and ending ~~June 30, 2018~~
17 ~~December 31, 2015~~, any company, which meets the criteria provided
18 pursuant to the provisions of K.S.A. 2014 Supp. 74-50,211, and
19 amendments thereto, that retains the employees of an existing business
20 unit located in Kansas and enters into an agreement with the secretary
21 pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments thereto, shall
22 be eligible to retain 95% of the qualified company's Kansas payroll
23 withholding taxes for such employees for a period of up to five years.

24 (f) (1) Commencing January 1, 2013, and ending ~~June 30, 2018~~
25 ~~December 31, 2015~~, pursuant to the provisions of subsection (e), the
26 secretary of commerce, in the secretary's sole determination, may provide
27 the benefits of the promoting employment across Kansas act for situations
28 where it is deemed necessary by the secretary that the state of Kansas
29 provide incentives for a company or its operations currently located in
30 Kansas to remain in Kansas so as to keep its retained jobs. The secretary
31 shall establish and verify that a prospective company has competitive
32 alternatives that it is seriously considering and that a company's relocation
33 may be imminent. Furthermore, the secretary shall assess:

34 (A) Whether the retention of the company or its operations is
35 important to the economic vitality of the state;

36 (B) the area where such company or operations is located; or

37 (C) whether the retention of the company or its operations is
38 important to a particular industry in the state due to any number of factors
39 including, but not limited to, the quantity, quality or wages of the retained
40 jobs involved.

41 (2) Effective January 1, 2013, and ending ~~June 30, 2018~~ ~~December~~
42 ~~31, 2015~~, the secretary may use the promoting employment across Kansas
43 act in conjunction with other economic development programs to develop

1 a retention package.

2 (g) The provisions of this act as in effect prior to the effective date of
3 this act shall apply to employers who have entered into agreements with
4 the secretary prior to July 1, 2011. The provisions of this act shall apply to
5 employers who enter into agreements with the secretary on and after July
6 1, 2011.

7 (h) In the event a qualified company entered into an agreement for
8 benefits under this section prior to January 1, 2013, such qualified
9 company may request the secretary to extend the benefit term of such
10 agreement by a period of up to two additional years. If in the secretary's
11 discretion it is necessary to provide the qualified company with all benefits
12 intended under such agreement, the extension may be granted.

13 Sec. 5. K.S.A. 2014 Supp. 79-32,110 is hereby amended to read as
14 follows: 79-32,110.(a) *Resident Individuals*. Except as otherwise provided
15 by ~~subsection (a)~~ of K.S.A. 79-3220(a), and amendments thereto, a tax is
16 hereby imposed upon the Kansas taxable income of every resident
17 individual, which tax shall be computed in accordance with the following
18 tax schedules:

19 (1) *Married individuals filing joint returns.*

20 (A) For tax year 2012:

21 If the taxable income is:	The tax is:
22 Not over \$30,000.....	3.5% of Kansas taxable income
23 Over \$30,000 but not over	\$1,050 plus 6.25% of excess
24 \$60,000	over \$30,000
25 Over \$60,000.....	\$2,925 plus 6.45% of excess
26	over \$60,000

27 (B) For tax year 2013:

28 If the taxable income is:	The tax is:
29 Not over \$30,000.....	3.0% of Kansas taxable income
30 Over \$30,000.....	\$900 plus 4.9% of excess over
31	\$30,000

32 (C) For tax year 2014:

33 If the taxable income is:	The tax is:
34 Not over \$30,000.....	2.7% of Kansas taxable income
35 Over \$30,000.....	\$810 plus 4.8% of excess over
36	\$30,000

37 (D) For tax year 2015:

38 If the taxable income is:	The tax is:
39 Not over \$30,000.....	2.7% of Kansas taxable income
40 Over \$30,000.....	\$810 plus 4.6% of excess over
41	\$30,000

42 (E) For tax year 2016:

43 If the taxable income is:	The tax is:
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1 Not over \$30,000.....2.4% of Kansas taxable income
 2 Over \$30,000.....\$720 plus 4.6% of excess over
 3 \$30,000

4 (F) For tax year 2017:

5 If the taxable income is: The tax is:
 6 Not over \$30,000.....2.3% of Kansas taxable income
 7 Over \$30,000.....\$690 plus 4.6% of excess over
 8 \$30,000

9 (G) For tax year 2018, and all tax years thereafter:

10 If the taxable income is: The tax is:
 11 Not over \$30,000.....2.3% of Kansas taxable income
 12 Over \$30,000.....\$690 plus 3.9% of excess over
 13 \$30,000

14 (2) *All other individuals.*

15 (A) For tax year 2012:

16 If the taxable income is: The tax is:
 17 Not over \$15,000.....3.5% of Kansas taxable income
 18 Over \$15,000 but not over \$525 plus 6.25% of excess
 19 \$30,000.....over \$15,000
 20 Over \$30,000.....\$1,462.50 plus 6.45% of excess
 21 over \$30,000

22 (B) For tax year 2013:

23 If the taxable income is: The tax is:
 24 Not over \$15,000.....3.0% of Kansas taxable income
 25 Over \$15,000.....\$450 plus 4.9% of excess over
 26 \$15,000

27 (C) For tax year 2014:

28 If the taxable income is: The tax is:
 29 Not over \$15,000.....2.7% of Kansas taxable income
 30 Over \$15,000.....\$405 plus 4.8% of excess over
 31 \$15,000

32 (D) For tax year 2015:

33 If the taxable income is: The tax is:
 34 Not over \$15,000.....2.7% of Kansas taxable income
 35 Over \$15,000.....\$405 plus 4.6% of excess over
 36 \$15,000

37 (E) For tax year 2016:

38 If the taxable income is: The tax is:
 39 Not over \$15,000.....2.4% of Kansas taxable income
 40 Over \$15,000.....\$360 plus 4.6% of excess over
 41 \$15,000

42 (F) For tax year 2017:

43 If the taxable income is: The tax is:

1	Not over \$15,000.....	2.3% of Kansas taxable income
2	Over \$15,000.....	\$345 plus 4.6% of excess over
3		\$15,000
4	(G) For tax year 2018, and all tax years thereafter:	
5	If the taxable income is:	The tax is:
6	Not over \$15,000.....	2.3% of Kansas taxable income
7	Over \$15,000.....	\$345 plus 3.9% of excess over
8		\$15,000

9 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas
10 taxable income of every nonresident individual, which tax shall be an
11 amount equal to the tax computed under subsection (a) as if the
12 nonresident were a resident multiplied by the ratio of modified Kansas
13 source income to Kansas adjusted gross income.

14 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable
15 income of every corporation doing business within this state or deriving
16 income from sources within this state. Such tax shall consist of a normal
17 tax and a surtax and shall be computed as follows:

18 (1) *For tax year 2015,* the normal tax shall be in an amount equal to
19 4% of the Kansas taxable income of such corporation, *and for tax year*
20 *2016, and all tax years thereafter, the normal tax shall be in an amount*
21 *equal to 3.62% of the Kansas taxable income of such corporation; and*

22 (2) (A) for tax year 2008, the surtax shall be in an amount equal to
23 3.1% of the Kansas taxable income of such corporation in excess of
24 \$50,000;

25 (B) for tax years 2009 and 2010, the surtax shall be in an amount
26 equal to 3.05% of the Kansas taxable income of such corporation in excess
27 of \$50,000; ~~and~~

28 (C) for tax ~~year~~ years 2011, ~~and all tax years thereafter~~ *through 2015,*
29 the surtax shall be in an amount equal to 3% of the Kansas taxable income
30 of such corporation in excess of \$50,000; *and*

31 (D) *for tax year 2016, and all tax years thereafter, the surtax shall be*
32 *in an amount equal to 2.62% of the Kansas taxable income of such*
33 *corporation in excess of \$50,000.*

34 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable
35 income of estates and trusts at the rates provided in paragraph (2) of
36 subsection (a) hereof.

37 (e) Tax rates provided in this section shall be adjusted pursuant to the
38 provisions of K.S.A. 2014 Supp. 79-32,269, and amendments thereto.

39 Sec. 6. K.S.A. 2014 Supp. 79-32,160a is hereby amended to read as
40 follows: 79-32,160a. (a) For taxable years commencing after December
41 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a
42 qualified business facility, as defined in ~~subsection (b) of~~ K.S.A. 79-
43 32,154(b), and amendments thereto, and effective for tax years

1 commencing after December 31, 2010, and before January 1, 2012,
2 located in an area other than a metropolitan county as defined in either
3 K.S.A. 2014 Supp. 74-50,114 or 74-50,211, and amendments thereto, and
4 also meets the definition of a business in ~~subsection (b) of K.S.A. 74-~~
5 ~~50,114(b)~~, and amendments thereto, shall be allowed a credit for such
6 investment, in an amount determined under subsection (b) or (c), as the
7 case requires, against the tax imposed by the Kansas income tax act or
8 where the qualified business facility is the principal place from which the
9 trade or business of the taxpayer is directed or managed and the facility
10 has facilitated the creation of at least 20 new full-time positions, against
11 the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
12 amendments thereto, or as measured by the net income of financial
13 institutions imposed pursuant to article 11 of chapter 79 of the Kansas
14 Statutes Annotated, and amendments thereto, for the taxable year during
15 which commencement of commercial operations, as defined in ~~subsection~~
16 ~~(f) of K.S.A. 79-32,154(f)~~, and amendments thereto, occurs at such
17 qualified business facility. In the case of a taxpayer who meets the
18 definition of a manufacturing business in ~~subsection (d) of K.S.A. 74-~~
19 ~~50,114(d)~~, and amendments thereto, no credit shall be allowed under this
20 section unless the number of qualified business facility employees, as
21 determined under ~~subsection (d) of K.S.A. 79-32,154(d)~~, and amendments
22 thereto, engaged or maintained in employment at the qualified business
23 facility as a direct result of the investment by the taxpayer for the taxable
24 year for which the credit is claimed equals or exceeds two. In the case of a
25 taxpayer who meets the definition of a nonmanufacturing business in
26 ~~subsection (f) of K.S.A. 74-50,114(f)~~, and amendments thereto, no credit
27 shall be allowed under this section unless the number of qualified business
28 facility employees, as determined under ~~subsection (d) of K.S.A. 79-~~
29 ~~32,154(d)~~, and amendments thereto, engaged or maintained in employment
30 at the qualified business facility as a direct result of the investment by the
31 taxpayer for the taxable year for which the credit is claimed equals or
32 exceeds five. Where an employee performs services for the taxpayer
33 outside the qualified business facility, the employee shall be considered
34 engaged or maintained in employment at the qualified business facility if:
35 (1) The employee's service performed outside the qualified business
36 facility is incidental to the employee's service inside the qualified business
37 facility; or (2) the base of operations or, the place from which the service is
38 directed or controlled, is at the qualified business facility.

39 (b) The credit allowed by subsection (a) for any taxpayer who invests
40 in a qualified business facility which is located in a designated
41 nonmetropolitan region established under K.S.A. 74-50,116, and
42 amendments thereto, on or after the effective date of this act, shall be a
43 portion of the income tax imposed by the Kansas income tax act on the

1 taxpayer's Kansas taxable income, the premium tax or privilege fees
2 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
3 privilege tax as measured by the net income of financial institutions
4 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
5 Annotated, and amendments thereto, for the taxable year for which such
6 credit is allowed, but in the case where the qualified business facility
7 investment was made prior to January 1, 1996, not in excess of 50% of
8 such tax. Such portion shall be an amount equal to the sum of the
9 following:

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

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

17 (c) The credit allowed by subsection (a) for any taxpayer who invests
18 in a qualified business facility, which is not located in a nonmetropolitan
19 region established under K.S.A. 74-50,116, and amendments thereto, and
20 effective for tax years commencing after December 31, 2010, and before
21 January 1, 2012, located in an area other than a metropolitan county as
22 defined in either K.S.A. 2014 Supp. 74-50,114 or 74-50,211, and
23 amendments thereto, and which also meets the definition of business in
24 ~~subsection (b) of K.S.A. 74-50,114(b)~~, and amendments thereto, on or
25 after the effective date of this act, shall be a portion of the income tax
26 imposed by the Kansas income tax act on the taxpayer's Kansas taxable
27 income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-
28 252, and amendments thereto, or the privilege tax as measured by the net
29 income of financial institutions imposed pursuant to article 11 of chapter
30 79 of the Kansas Statutes Annotated, and amendments thereto, for the
31 taxable year for which such credit is allowed, but in the case where the
32 qualified business facility investment was made prior to January 1, 1996,
33 not in excess of 50% of such tax. Such portion shall be an amount equal to
34 the sum of the following:

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

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

42 (d) The credit allowed by subsection (a) for each qualified business
43 facility employee and for qualified business facility investment shall be a

1 one-time credit. If the amount of the credit allowed under subsection (a)
2 exceeds the tax imposed by the Kansas income tax act on the taxpayer's
3 Kansas taxable income, the premium tax and privilege fees imposed
4 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
5 measured by the net income of financial institutions imposed pursuant to
6 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
7 thereto, for the taxable year, or in the case where the qualified business
8 facility investment was made prior to January 1, 1996, 50% of such tax
9 imposed upon the amount which exceeds such tax liability or such portion
10 thereof may be carried over for credit in the same manner in the
11 succeeding taxable years until the total amount of such credit is used.
12 Except that, before the credit is allowed, a taxpayer, who meets the
13 definition of a manufacturing business in ~~subsection (d) of K.S.A. 74-~~
14 ~~50,114(d),~~ and amendments thereto, shall recertify annually that the net
15 increase of a minimum of two qualified business facility employees has
16 continued to be maintained and a taxpayer, who meets the definition of a
17 nonmanufacturing business in ~~subsection (f) of K.S.A. 74-50,114(f),~~ and
18 amendments thereto, shall recertify annually that the net increase of a
19 minimum of five qualified business employees has continued to be
20 maintained.

21 (e) (1) Notwithstanding the foregoing provisions of this section, and
22 except as otherwise provided in this subsection, any taxpayer qualified and
23 certified under the provisions of K.S.A. 74-50,131, and amendments
24 thereto; which, prior to making a commitment to invest in a qualified
25 Kansas business, has filed a certificate of intent to invest in a qualified
26 business facility in a form satisfactory to the secretary of commerce; and
27 that has received written approval from the secretary of commerce for
28 participation and has participated, during the tax year for which the
29 exemption is claimed, in the Kansas industrial training, Kansas industrial
30 retraining or the state of Kansas investments in lifelong learning program
31 or is eligible for the tax credit established in K.S.A. 74-50,132, and
32 amendments thereto, shall be entitled to a credit in an amount equal to
33 10% of that portion of the qualified business facility investment which
34 exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2)
35 without regard to the number of qualified business facility employees
36 engaged or maintained in employment at the qualified business facility.
37 For tax years beginning on or after January 1, 2012, for a qualified
38 business facility investment in Douglas, Johnson, Sedgwick, Shawnee or
39 Wyandotte counties, such credit shall be in an amount equal to 10% of that
40 portion of the qualified business facility investment which exceeds
41 \$1,000,000. Any taxpayer who has filed a certificate of intent to invest in a
42 qualified business facility pursuant to this subsection in Douglas, Johnson,
43 Sedgwick, Shawnee or Wyandotte county prior to December 31, 2011, and

1 commences investments in a qualified business facility prior to December
2 31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and
3 ~~subsection (e) of 79-32,160a(e)~~, and amendments thereto, in an amount
4 equal to 10% of that portion of the qualified business facility investment
5 which exceeds \$50,000. Timing modifications may be authorized at the
6 discretion of the secretary of commerce and the secretary of revenue
7 during the transition period. The credit allowed by this subsection shall be
8 a one-time credit. If the amount thereof exceeds the tax imposed by the
9 Kansas income tax act on the taxpayer's Kansas taxable income or the
10 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
11 amendments thereto, or the privilege tax as measured by net income of
12 financial institutions imposed pursuant to article 11 of chapter 79 of the
13 Kansas Statutes Annotated, and amendments thereto, for the taxable year,
14 the amount thereof which exceeds such tax liability may be carried
15 forward for credit in the succeeding taxable year or years until the total
16 amount of the tax credit is used, except that no such tax credit shall be
17 carried forward for deduction after the 16th taxable year succeeding the
18 taxable year in which such credit initially was claimed, and no
19 carryforward shall be allowed for deduction in any succeeding taxable
20 year unless the taxpayer certifies under oath that the taxpayer continues to
21 meet the requirements of K.S.A. 74-50,131, and amendments thereto, and
22 this act. In no event shall any credit allowed under this section that expired
23 during any taxable year prior to the taxable year commencing January 1,
24 2011, be revived under the provisions of this act.

25 *(2) For taxable years commencing after December 31, 2015, no*
26 *credits may be earned through this subsection. Any carry forward credit*
27 *that has been earned through this subsection may continue for the*
28 *remainder of the 16-year period as long as all requirements continue to be*
29 *met.*

30 (f) For tax years commencing after December 31, 2005, any taxpayer
31 claiming credits pursuant to this section, as a condition for claiming and
32 qualifying for such credits, shall provide information pursuant to K.S.A.
33 2014 Supp. 79-32,243, and amendments thereto, as part of the tax return in
34 which such credits are claimed. Such credits shall not be denied solely on
35 the basis of the contents of the information provided by the taxpayer
36 pursuant to K.S.A. 2014 Supp. 79-32,243, and amendments thereto.

37 (g) This section and K.S.A. 79-32,160b, and amendments thereto,
38 shall be part of and supplemental to the job expansion and investment
39 credit act of 1976, and amendments thereto.

40 Sec. 7. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as
41 follows: 79-3606. The following shall be exempt from the tax imposed by
42 this act:

43 (a) All sales of motor-vehicle fuel or other articles upon which a sales

1 or excise tax has been paid, not subject to refund, under the laws of this
2 state except cigarettes as defined by K.S.A. 79-3301, and amendments
3 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
4 3817, and amendments thereto, including wort, liquid malt, malt syrup and
5 malt extract, which is not subject to taxation under the provisions of
6 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant
7 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.
8 65-3424d, and amendments thereto, drycleaning and laundry services
9 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross
10 receipts from regulated sports contests taxed pursuant to the Kansas
11 professional regulated sports act, and amendments thereto;

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

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

35 (d) all sales of tangible personal property or services purchased by a
36 contractor for the purpose of constructing, equipping, reconstructing,
37 maintaining, repairing, enlarging, furnishing or remodeling facilities for
38 any public or private nonprofit hospital or public hospital authority, public
39 or private elementary or secondary school, a public or private nonprofit
40 educational institution, state correctional institution including a privately
41 constructed correctional institution contracted for state use and ownership,
42 which would be exempt from taxation under the provisions of this act if
43 purchased directly by such hospital or public hospital authority, school,

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

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

21 (e) all sales of tangible personal property or services purchased by a
22 contractor for the erection, repair or enlargement of buildings or other
23 projects for the government of the United States, its agencies or
24 instrumentalities, which would be exempt from taxation if purchased
25 directly by the government of the United States, its agencies or
26 instrumentalities. When the government of the United States, its agencies
27 or instrumentalities shall contract for the erection, repair, or enlargement
28 of any building or other project, it shall obtain from the state and furnish to
29 the contractor an exemption certificate for the project involved, and the
30 contractor may purchase materials for incorporation in such project. The
31 contractor shall furnish the number of such certificates to all suppliers
32 from whom such purchases are made, and such suppliers shall execute
33 invoices covering the same bearing the number of such certificate. Upon
34 completion of the project the contractor shall furnish to the government of
35 the United States, its agencies or instrumentalities concerned a sworn
36 statement, on a form to be provided by the director of taxation, that all
37 purchases so made were entitled to exemption under this subsection. As an
38 alternative to the foregoing procedure, any such contracting entity may
39 apply to the secretary of revenue for agent status for the sole purpose of
40 issuing and furnishing project exemption certificates to contractors
41 pursuant to rules and regulations adopted by the secretary establishing
42 conditions and standards for the granting and maintaining of such status.
43 All invoices shall be held by the contractor for a period of five years and

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

9 (f) tangible personal property purchased by a railroad or public utility
10 for consumption or movement directly and immediately in interstate
11 commerce;

12 (g) sales of aircraft including remanufactured and modified aircraft
13 sold to persons using directly or through an authorized agent such aircraft
14 as certified or licensed carriers of persons or property in interstate or
15 foreign commerce under authority of the laws of the United States or any
16 foreign government or sold to any foreign government or agency or
17 instrumentality of such foreign government and all sales of aircraft for use
18 outside of the United States and sales of aircraft repair, modification and
19 replacement parts and sales of services employed in the remanufacture,
20 modification and repair of aircraft;

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

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

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

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

36 (l) all isolated or occasional sales of tangible personal property,
37 services, substances or things, except isolated or occasional sale of motor
38 vehicles specifically taxed under the provisions of ~~subsection (o)~~ of K.S.A.
39 79-3603(o), and amendments thereto;

40 (m) all sales of tangible personal property which become an
41 ingredient or component part of tangible personal property or services
42 produced, manufactured or compounded for ultimate sale at retail within
43 or without the state of Kansas; and any such producer, manufacturer or

1 compounder may obtain from the director of taxation and furnish to the
2 supplier an exemption certificate number for tangible personal property for
3 use as an ingredient or component part of the property or services
4 produced, manufactured or compounded;

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

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

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

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

39 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
40 enteral feeding systems, prosthetic devices and mobility enhancing
41 equipment prescribed in writing by a person licensed to practice the
42 healing arts, dentistry or optometry, and in addition to such sales, all sales
43 of hearing aids, as defined by ~~subsection (e) of~~ K.S.A. 74-5807(c), and

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

17 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and
18 amendments thereto, all sales of tangible personal property or services
19 purchased directly or indirectly by a groundwater management district
20 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
21 amendments thereto, by a rural water district organized or operating under
22 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
23 supply district organized or operating under the authority of K.S.A. 19-
24 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
25 property or services are used in the construction activities, operation or
26 maintenance of the district;

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

1 systems, modems, data communications equipment and any necessary
2 mounting hardware, wiring and antennas. Each purchaser of farm
3 machinery and equipment or aquaculture machinery and equipment
4 exempted herein must certify in writing on the copy of the invoice or sales
5 ticket to be retained by the seller that the farm machinery and equipment
6 or aquaculture machinery and equipment purchased will be used only in
7 farming, ranching or aquaculture production. Farming or ranching shall
8 include the operation of a feedlot and farm and ranch work for hire and the
9 operation of a nursery;

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

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

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

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

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

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

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

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

15 ~~(cc) all sales of tangible personal property or services purchased prior~~
16 ~~to January 1, 2012, except as otherwise provided, for the purpose of and in~~
17 ~~conjunction with constructing, reconstructing, enlarging or remodeling a~~
18 ~~business or retail business which meets the requirements established in~~
19 ~~K.S.A. 74-50,115, and amendments thereto, and the sale and installation of~~
20 ~~machinery and equipment purchased for installation at any such business~~
21 ~~or retail business, and all sales of tangible personal property or services~~
22 ~~purchased on or after prior to January 1, 2012 2016, for the purpose of and~~
23 ~~in conjunction with constructing, reconstructing, enlarging or remodeling a~~
24 ~~business which meets the requirements established in K.S.A. 74-50,115(e),~~
25 ~~and amendments thereto, and the sale and installation of machinery and~~
26 ~~equipment purchased for installation at any such business. When a person~~
27 ~~shall contract for the construction, reconstruction, enlargement or~~
28 ~~remodeling of any such business or retail business, such person shall~~
29 ~~obtain from the state and furnish to the contractor an exemption certificate~~
30 ~~for the project involved, and the contractor may purchase materials,~~
31 ~~machinery and equipment for incorporation in such project. The contractor~~
32 ~~shall furnish the number of such certificates to all suppliers from whom~~
33 ~~such purchases are made, and such suppliers shall execute invoices~~
34 ~~covering the same bearing the number of such certificate. Upon~~
35 ~~completion of the project the contractor shall furnish to the owner of the~~
36 ~~business or retail business a sworn statement, on a form to be provided by~~
37 ~~the director of taxation, that all purchases so made were entitled to~~
38 ~~exemption under this subsection. All invoices shall be held by the~~
39 ~~contractor for a period of five years and shall be subject to audit by the~~
40 ~~director of taxation. Any contractor or any agent, employee or~~
41 ~~subcontractor thereof, who shall use or otherwise dispose of any materials,~~
42 ~~machinery or equipment purchased under such a certificate for any~~
43 ~~purpose other than that for which such a certificate is issued without the~~

1 payment of the sales or compensating tax otherwise imposed thereon, shall
2 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
3 to the penalties provided for in ~~subsection (g) of K.S.A. 79-3615(h)~~, and
4 amendments thereto. As used in this subsection, "business" and "retail
5 business" have the meanings respectively ascribed thereto by K.S.A. 74-
6 50,114, and amendments thereto. Project exemption certificates that have
7 been previously issued under this subsection by the department of revenue
8 pursuant to ~~K.S.A. 74-50,115, and amendments thereto, but not including~~
9 ~~K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012-~~
10 ~~2016~~, and have not expired will be effective for the term of the project or
11 two years from the effective date of the certificate, whichever occurs
12 earlier. Project exemption certificates that are submitted to the department
13 of revenue prior to January 1, ~~2012~~ 2016, and are found to qualify will be
14 issued a project exemption certificate that will be effective for a two-year
15 period or for the term of the project, whichever occurs earlier;

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

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

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

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

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

42 (ii) all sales of tangible personal property purchased directly by a
43 nonprofit organization for nonsectarian comprehensive multidiscipline

1 youth development programs and activities provided or sponsored by such
2 organization, and all sales of tangible personal property by or on behalf of
3 any such organization. This exemption shall not apply to tangible personal
4 property customarily used for human habitation purposes;

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

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

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

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

27 (2) For purposes of this subsection:

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

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

41 (C) "manufacturing or processing plant or facility" means a single,
42 fixed location owned or controlled by a manufacturing or processing
43 business that consists of one or more structures or buildings in a

1 contiguous area where integrated production operations are conducted to
2 manufacture or process tangible personal property to be ultimately sold at
3 retail. Such term shall not include any facility primarily operated for the
4 purpose of conveying or assisting in the conveyance of natural gas,
5 electricity, oil or water. A business may operate one or more manufacturing
6 or processing plants or facilities at different locations to manufacture or
7 process a single product of tangible personal property to be ultimately sold
8 at retail;

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

42 (E) "repair and replacement parts and accessories" means all parts
43 and accessories for exempt machinery and equipment, including, but not

1 limited to, dies, jigs, molds, patterns and safety devices that are attached to
2 exempt machinery or that are otherwise used in production, and parts and
3 accessories that require periodic replacement such as belts, drill bits,
4 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
5 other refractory items for exempt kiln equipment used in production
6 operations;

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

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

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

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

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

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

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

24 (F) to plan, manage, control or record the receipt and flow of
25 inventories of raw materials, consumables and component parts, the flow
26 of the property undergoing manufacturing or processing and the
27 management of inventories of the finished product;

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

31 (H) to package the property being manufactured or processed in a
32 container or wrapping in which such property is normally sold or
33 transported;

34 (I) to transmit or transport electricity, coke, gas, water, steam or
35 similar substances used in production operations from the point of
36 generation, if produced by the manufacturer or processor at the plant site,
37 to that manufacturer's production operation; or, if purchased or delivered
38 from off-site, from the point where the substance enters the site of the
39 plant or facility to that manufacturer's production operations;

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

42 (K) to provide and control an environment required to maintain
43 certain levels of air quality, humidity or temperature in special and limited

1 areas of the plant or facility, where such regulation of temperature or
2 humidity is part of and essential to the production process;

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

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

7 (4) The following machinery, equipment and materials shall be
8 deemed to be exempt even though it may not otherwise qualify as
9 machinery and equipment used as an integral or essential part of an
10 integrated production operation: (A) Computers and related peripheral
11 equipment that are utilized by a manufacturing or processing business for
12 engineering of the finished product or for research and development or
13 product design; (B) machinery and equipment that is utilized by a
14 manufacturing or processing business to manufacture or rebuild tangible
15 personal property that is used in manufacturing or processing operations,
16 including tools, dies, molds, forms and other parts of qualifying machinery
17 and equipment; (C) portable plants for aggregate concrete, bulk cement
18 and asphalt including cement mixing drums to be attached to a motor
19 vehicle; (D) industrial fixtures, devices, support facilities and special
20 foundations necessary for manufacturing and production operations, and
21 materials and other tangible personal property sold for the purpose of
22 fabricating such fixtures, devices, facilities and foundations. An exemption
23 certificate for such purchases shall be signed by the manufacturer or
24 processor. If the fabricator purchases such material, the fabricator shall
25 also sign the exemption certificate; (E) a manufacturing or processing
26 business' laboratory equipment that is not located at the plant or facility,
27 but that would otherwise qualify for exemption under subsection (3)(E);
28 (F) all machinery and equipment used in surface mining activities as
29 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
30 from the time a reclamation plan is filed to the acceptance of the
31 completed final site reclamation.

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

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

39 (B) machinery, equipment and tools used primarily in maintaining
40 and repairing any type of machinery and equipment or the building and
41 plant;

42 (C) transportation, transmission and distribution equipment not
43 primarily used in a production, warehousing or material handling

1 operation at the plant or facility, including the means of conveyance of
2 natural gas, electricity, oil or water, and equipment related thereto, located
3 outside the plant or facility;

4 (D) office machines and equipment including computers and related
5 peripheral equipment not used directly and primarily to control or measure
6 the manufacturing process;

7 (E) furniture and other furnishings;

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

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

14 (H) machinery and equipment used for general plant heating, cooling
15 and lighting;

16 (I) motor vehicles that are registered for operation on public
17 highways; or

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

21 (6) Subsections (3) and (5) shall not be construed as exclusive listings
22 of the machinery and equipment that qualify or do not qualify as an
23 integral or essential part of an integrated production operation. When
24 machinery or equipment is used as an integral or essential part of
25 production operations part of the time and for nonproduction purposes at
26 other times, the primary use of the machinery or equipment shall
27 determine whether or not such machinery or equipment qualifies for
28 exemption.

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

31 (ll) all sales of educational materials purchased for distribution to the
32 public at no charge by a nonprofit corporation organized for the purpose of
33 encouraging, fostering and conducting programs for the improvement of
34 public health, except that for taxable years commencing after December
35 31, 2013, this subsection shall not apply to any sales of such materials
36 purchased by a nonprofit corporation which performs any abortion, as
37 defined in K.S.A. 65-6701, and amendments thereto;

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

42 (nn) except as otherwise provided in this act, all sales of services
43 rendered by an advertising agency or licensed broadcast station or any

1 member, agent or employee thereof;

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

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

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

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

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

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

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

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

38 (1) The American heart association, Kansas affiliate, inc. for the
39 purposes of providing education, training, certification in emergency
40 cardiac care, research and other related services to reduce disability and
41 death from cardiovascular diseases and stroke;

42 (2) the Kansas alliance for the mentally ill, inc. for the purpose of
43 advocacy for persons with mental illness and to education, research and

1 support for their families;

2 (3) the Kansas mental illness awareness council for the purposes of
3 advocacy for persons who are mentally ill and for education, research and
4 support for them and their families;

5 (4) the American diabetes association Kansas affiliate, inc. for the
6 purpose of eliminating diabetes through medical research, public education
7 focusing on disease prevention and education, patient education including
8 information on coping with diabetes, and professional education and
9 training;

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

15 (6) the Kansas chapters of the Alzheimer's disease and related
16 disorders association, inc. for the purpose of providing assistance and
17 support to persons in Kansas with Alzheimer's disease, and their families
18 and caregivers;

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

22 (8) the national kidney foundation of Kansas and western Missouri
23 for the purpose of eliminating kidney disease through medical research
24 and public and private education related to such disease;

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

28 (10) the cystic fibrosis foundation, heart of America chapter, for the
29 purposes of assuring the development of the means to cure and control
30 cystic fibrosis and improving the quality of life for those with the disease;

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

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

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

42 (14) the dreams work, inc., for the purpose of providing young adult
43 day services to individuals with developmental disabilities and assisting

1 families in avoiding institutional or nursing home care for a
2 developmentally disabled member of their family;

3 (15) the KSDS, Inc., for the purpose of promoting the independence
4 and inclusion of people with disabilities as fully participating and
5 contributing members of their communities and society through the
6 training and providing of guide and service dogs to people with
7 disabilities, and providing disability education and awareness to the
8 general public;

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

12 (17) the dream factory, inc., for the purpose of granting the dreams of
13 children with critical and chronic illnesses;

14 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
15 students and families with education and resources necessary to enable
16 each child to develop fine character and musical ability to the fullest
17 potential;

18 (19) the international association of lions clubs for the purpose of
19 creating and fostering a spirit of understanding among all people for
20 humanitarian needs by providing voluntary services through community
21 involvement and international cooperation;

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

26 (21) the American cancer society, inc., for the purpose of eliminating
27 cancer as a major health problem by preventing cancer, saving lives and
28 diminishing suffering from cancer, through research, education, advocacy
29 and service;

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

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

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

37 (ww) all sales of tangible personal property purchased by the habitat
38 for humanity for the exclusive use of being incorporated within a housing
39 project constructed by such organization;

40 (xx) all sales of tangible personal property and services purchased by
41 a nonprofit zoo which is exempt from federal income taxation pursuant to
42 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
43 of such zoo by an entity itself exempt from federal income taxation

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

42 (yy) all sales of tangible personal property and services purchased by
43 a parent-teacher association or organization, and all sales of tangible

1 personal property by or on behalf of such association or organization;

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

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

1 liable for tax on all materials purchased for the project, and upon payment
2 thereof it may recover the same from the contractor together with
3 reasonable attorney fees. Any contractor or any agent, employee or
4 subcontractor thereof, who shall use or otherwise dispose of any materials
5 purchased under such a certificate for any purpose other than that for
6 which such a certificate is issued without the payment of the sales or
7 compensating tax otherwise imposed upon such materials, shall be guilty
8 of a misdemeanor and, upon conviction therefor, shall be subject to the
9 penalties provided for in ~~subsection (g) of~~ K.S.A. 79-3615(h), and
10 amendments thereto. Sales tax paid on and after July 1, 1998, but prior to
11 the effective date of this act upon the gross receipts received from any sale
12 exempted by the amendatory provisions of this subsection shall be
13 refunded. Each claim for a sales tax refund shall be verified and submitted
14 to the director of taxation upon forms furnished by the director and shall
15 be accompanied by any additional documentation required by the director.
16 The director shall review each claim and shall refund that amount of sales
17 tax paid as determined under the provisions of this subsection. All refunds
18 shall be paid from the sales tax refund fund upon warrants of the director
19 of accounts and reports pursuant to vouchers approved by the director or
20 the director's designee;

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

27 (ccc) on and after July 1, 1999, all sales of tangible personal property
28 and services purchased by a primary care clinic or health center the
29 primary purpose of which is to provide services to medically underserved
30 individuals and families, and which is exempt from federal income
31 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
32 and all sales of tangible personal property or services purchased by a
33 contractor for the purpose of constructing, equipping, reconstructing,
34 maintaining, repairing, enlarging, furnishing or remodeling facilities for
35 any such clinic or center which would be exempt from taxation under the
36 provisions of this section if purchased directly by such clinic or center,
37 except that for taxable years commencing after December 31, 2013, this
38 subsection shall not apply to any sales of such tangible personal property
39 and services purchased by a primary care clinic or health center which
40 performs any abortion, as defined in K.S.A. 65-6701, and amendments
41 thereto. Nothing in this subsection shall be deemed to exempt the purchase
42 of any construction machinery, equipment or tools used in the
43 constructing, equipping, reconstructing, maintaining, repairing, enlarging,

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

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

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

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

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

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

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

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

1 director's designee;

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

17 (lll) all sales of tangible personal property and services purchased by
18 special olympics Kansas, inc. for the purpose of providing year-round
19 sports training and athletic competition in a variety of olympic-type sports
20 for individuals with intellectual disabilities by giving them continuing
21 opportunities to develop physical fitness, demonstrate courage, experience
22 joy and participate in a sharing of gifts, skills and friendship with their
23 families, other special olympics athletes and the community, and activities
24 provided or sponsored by such organization, and all sales of tangible
25 personal property by or on behalf of any such organization;

26 (mmm) all sales of tangible personal property purchased by or on
27 behalf of the Marillac center, inc., which is exempt from federal income
28 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
29 for the purpose of providing psycho-social-biological and special
30 education services to children, and all sales of any such property by or on
31 behalf of such organization for such purpose;

32 (nnn) all sales of tangible personal property and services purchased
33 by the west Sedgwick county-sunrise rotary club and sunrise charitable
34 fund for the purpose of constructing a boundless playground which is an
35 integrated, barrier free and developmentally advantageous play
36 environment for children of all abilities and disabilities;

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

41 (ppp) all sales of tangible personal property and services purchased
42 by or on behalf of a homeless shelter which is exempt from federal income
43 taxation pursuant to section 501(c)(3) of the federal income tax code of

1 1986, and used by any such homeless shelter to provide emergency and
2 transitional housing for individuals and families experiencing
3 homelessness, and all sales of any such property by or on behalf of any
4 such homeless shelter for any such purpose;

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

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

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

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

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

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

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

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

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

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

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

39 (xxx) all sales of personal property and services purchased by the
40 booth theatre foundation, inc., an organization which is exempt from
41 federal income taxation pursuant to section 501(c)(3) of the federal
42 internal revenue code of 1986, and which such personal property and
43 services are used by any such organization in the constructing, equipping,

1 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
2 of the booth theatre, and all sales of tangible personal property or services
3 purchased by a contractor for the purpose of constructing, equipping,
4 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
5 the booth theatre for such organization, which would be exempt from
6 taxation under the provisions of this section if purchased directly by such
7 organization. Nothing in this subsection shall be deemed to exempt the
8 purchase of any construction machinery, equipment or tools used in the
9 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
10 furnishing or remodeling facilities for any such organization. When any
11 such organization shall contract for the purpose of constructing, equipping,
12 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
13 facilities, it shall obtain from the state and furnish to the contractor an
14 exemption certificate for the project involved, and the contractor may
15 purchase materials for incorporation in such project. The contractor shall
16 furnish the number of such certificate to all suppliers from whom such
17 purchases are made, and such suppliers shall execute invoices covering the
18 same bearing the number of such certificate. Upon completion of the
19 project the contractor shall furnish to such organization concerned a sworn
20 statement, on a form to be provided by the director of taxation, that all
21 purchases so made were entitled to exemption under this subsection. All
22 invoices shall be held by the contractor for a period of five years and shall
23 be subject to audit by the director of taxation. If any materials purchased
24 under such a certificate are found not to have been incorporated in such
25 facilities or not to have been returned for credit or the sales or
26 compensating tax otherwise imposed upon such materials which will not
27 be so incorporated in such facilities reported and paid by such contractor
28 to the director of taxation not later than the 20th day of the month following
29 the close of the month in which it shall be determined that such materials
30 will not be used for the purpose for which such certificate was issued, such
31 organization concerned shall be liable for tax on all materials purchased
32 for the project, and upon payment thereof it may recover the same from
33 the contractor together with reasonable attorney fees. Any contractor or
34 any 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-
40 3615(h), and amendments thereto. Sales tax paid on and after January 1,
41 2007, but prior to the effective date of this act upon the gross receipts
42 received from any sale which would have been exempted by the provisions
43 of this subsection had such sale occurred after the effective date of this act

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

9 (yyy) all sales of tangible personal property and services purchased
10 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
11 which is exempt from federal income taxation pursuant to section 501(c)
12 (3) of the federal internal revenue code of 1986, and which such property
13 and services are used for the purpose of encouraging private philanthropy
14 to further the vision, values, and goals of TLC for children and families,
15 inc.; and all sales of such property and services by or on behalf of TLC
16 charities for any such purpose and all sales of tangible personal property or
17 services purchased by a contractor for the purpose of constructing,
18 maintaining, repairing, enlarging, furnishing or remodeling facilities for
19 the operation of services for TLC charities for any such purpose which
20 would be exempt from taxation under the provisions of this section if
21 purchased directly by TLC charities. Nothing in this subsection shall be
22 deemed to exempt the purchase of any construction machinery, equipment
23 or tools used in the constructing, maintaining, repairing, enlarging,
24 furnishing or remodeling such facilities for TLC charities. When TLC
25 charities contracts for the purpose of constructing, maintaining, repairing,
26 enlarging, furnishing or remodeling such facilities, it shall obtain from the
27 state and furnish to the contractor an exemption certificate for the project
28 involved, and the contractor may purchase materials for incorporation in
29 such project. The contractor shall furnish the number of such certificate to
30 all suppliers from whom such purchases are made, and such suppliers shall
31 execute invoices covering the same bearing the number of such certificate.
32 Upon completion of the project the contractor shall furnish to TLC
33 charities 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 incorporated into the building or other project
41 reported and paid by such contractor to the director of taxation not later
42 than the 20th day of the month following the close of the month in which it
43 shall be determined that such materials will not be used for the purpose for

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

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

16 (aaaa) all sales of personal property and services purchased by or on
17 behalf of victory in the valley, 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 a cancer support group and services for
20 persons with cancer, and all sales of any such property by or on behalf of
21 any such organization for any such purpose;

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

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

36 (dddd) all sales of tangible personal property or services purchased
37 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
38 of which are exempt from federal income taxation pursuant to section
39 501(c)(3) of the federal internal revenue code, for the purpose of providing
40 education, training and employment opportunities for people with
41 disabilities and other barriers to employment;

42 (eeee) all sales of tangible personal property or services purchased by
43 or on behalf of All American beef battalion, inc., which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code, for the purpose of educating, promoting and
3 participating as a contact group through the beef cattle industry in order to
4 carry out such projects that provide support and morale to members of the
5 United States armed forces and military services;

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

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

9 (gggg) all sales of game birds for which the primary purpose is use in
10 hunting;

11 (hhhh) all sales of tangible personal property or services purchased
12 on or after July 1, 2014, for the purpose of and in conjunction with
13 constructing, reconstructing, enlarging or remodeling a business identified
14 under the North American industry classification system (NAICS)
15 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
16 installation of machinery and equipment purchased for installation at any
17 such business. The exemption provided in this subsection shall not apply
18 to projects that have actual total costs less than \$50,000. When a person
19 contracts for the construction, reconstruction, enlargement or remodeling
20 of any such business, such person shall obtain from the state and furnish to
21 the contractor an exemption certificate for the project involved, and the
22 contractor may purchase materials, machinery and equipment for
23 incorporation in such project. The contractor shall furnish the number of
24 such certificates to all suppliers from whom such purchases are made, and
25 such suppliers shall execute invoices covering the same bearing the
26 number of such certificate. Upon completion of the project, the contractor
27 shall furnish to the owner of the business a sworn statement, on a form to
28 be provided by the director of taxation, that all purchases so made were
29 entitled to exemption under this subsection. All invoices shall be held by
30 the contractor for a period of five years and shall be subject to audit by the
31 director of taxation. Any contractor or any agent, employee or
32 subcontractor of the contractor, who shall use or otherwise dispose of any
33 materials, machinery or equipment purchased under such a certificate for
34 any purpose other than that for which such a certificate is issued without
35 the payment of the sales or compensating tax otherwise imposed thereon,
36 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
37 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
38 3615(h), and amendments thereto;

39 (iiii) all sales of tangible personal property or services purchased by a
40 contractor for the purpose of constructing, maintaining, repairing,
41 enlarging, furnishing or remodeling facilities for the operation of services
42 for Wichita children's home for any such purpose which would be exempt
43 from taxation under the provisions of this section if purchased directly by

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

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

40 (kkkk) all sales of tangible personal property and services purchased
41 by or on behalf of reaching out from within, inc., which is exempt from
42 federal income taxation pursuant to section 501(c)(3) of the federal
43 internal revenue code, for the purpose of sponsoring self-help programs for

1 incarcerated persons that will enable such incarcerated persons to become
2 role models for non-violence while in correctional facilities and productive
3 family members and citizens upon return to the community.

4 Sec. 8. K.S.A. 2014 Supp. 74-50,115, 74-50,132, 74-50,212, 79-
5 32,110, 79-32,160a and 79-3606 are hereby repealed.

6 Sec. 9. This act shall take effect and be in force from and after its
7 publication in the statute book.