

SENATE BILL No. 281

By Committee on Federal and State Affairs

3-12

1 AN ACT concerning sales taxation; providing for sales tax exemption for
2 certain mobility enhancing equipment; amending K.S.A. 2014 Supp.
3 79-3606 and repealing the existing section.
4

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

6 Section 1. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as
7 follows: 79-3606. The following shall be exempt from the tax imposed by
8 this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
13 enteral feeding systems, prosthetic devices and mobility enhancing
14 equipment prescribed in writing by a person licensed to practice the
15 healing arts, dentistry or optometry, and in addition to such sales, all sales
16 of hearing aids, as defined by ~~subsection (e) of K.S.A. 74-5807(c)~~, and
17 amendments thereto, and repair and replacement parts therefor, including
18 batteries, by a person licensed in the practice of dispensing and fitting
19 hearing aids pursuant to the provisions of K.S.A. 74-5808, and
20 amendments thereto. For the purposes of this subsection: (1) "Mobility
21 enhancing equipment" means equipment including repair and replacement
22 parts to same, *and the labor to repair, install, modify, make or convert the*
23 *equipment to its intended use, whether installed or included in a motor*
24 *vehicle or otherwise, including the total cost and any markup however*
25 *charged or determined to the consumer; and also including without*
26 *limitation lowered floor conversions, raised roofs and door opening*
27 *extensions, as well as other modifications to vehicles and their design and*
28 *labor associated therewith made to include, add or otherwise facilitate or*
29 *repair mobility enhancing equipment, but does not include durable medical*
30 *equipment, which is primarily and customarily used to provide or increase*
31 *the ability to move from one place to another and which is appropriate for*
32 *use either in a home or a motor vehicle; is not generally used by persons*
33 *with normal mobility; and does not include any motor vehicle or*
34 *equipment on a motor vehicle normally provided by a motor vehicle*
35 *manufacturer unless such item or equipment is specifically designed or*
36 *installed for used as mobility enhancing equipment; and (2) "prosthetic*
37 *device" means a replacement, corrective or supportive device including*
38 *repair and replacement parts for same worn on or in the body to artificially*
39 *replace a missing portion of the body, prevent or correct physical*
40 *deformity or malfunction or support a weak or deformed portion of the*
41 *body. The provisions of this subsection shall be retroactive without*
42 *limitation as to time, including any existing audit period, but shall not*
43 *subject to refund any formerly taxable sums already remitted;*

1 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and
2 amendments thereto, all sales of tangible personal property or services
3 purchased directly or indirectly by a groundwater management district
4 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
5 amendments thereto, by a rural water district organized or operating under
6 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
7 supply district organized or operating under the authority of K.S.A. 19-
8 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
9 property or services are used in the construction activities, operation or
10 maintenance of the district;

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

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

40 (v) all sales of tangible personal property to any contractor for use in
41 preparing meals for delivery to homebound elderly persons over 60 years
42 of age and to homebound disabled persons or to be served at a group-
43 sitting at a location outside of the home to otherwise homebound elderly

1 persons over 60 years of age and to otherwise homebound disabled
2 persons, as all or part of any food service project funded in whole or in
3 part by government or as part of a private nonprofit food service project
4 available to all such elderly or disabled persons residing within an area of
5 service designated by the private nonprofit organization, and all sales of
6 tangible personal property for use in preparing meals for consumption by
7 indigent or homeless individuals whether or not such meals are consumed
8 at a place designated for such purpose, and all sales of food products by or
9 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

42 (cc) all sales of tangible personal property or services purchased prior
43 to January 1, 2012, except as otherwise provided, for the purpose of and in

1 conjunction with constructing, reconstructing, enlarging or remodeling a
2 business or retail business which meets the requirements established in
3 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
4 machinery and equipment purchased for installation at any such business
5 or retail business, and all sales of tangible personal property or services
6 purchased on or after January 1, 2012, for the purpose of and in
7 conjunction with constructing, reconstructing, enlarging or remodeling a
8 business which meets the requirements established in K.S.A. 74-50,115(e),
9 and amendments thereto, and the sale and installation of machinery and
10 equipment purchased for installation at any such business. When a person
11 shall contract for the construction, reconstruction, enlargement or
12 remodeling of any such business or retail business, such person shall
13 obtain from the state and furnish to the contractor an exemption certificate
14 for the project involved, and the contractor may purchase materials,
15 machinery and equipment for incorporation in such project. The contractor
16 shall furnish the number of such certificates to all suppliers from whom
17 such purchases are made, and such suppliers shall execute invoices
18 covering the same bearing the number of such certificate. Upon
19 completion of the project the contractor shall furnish to the owner of the
20 business or retail business a sworn statement, on a form to be provided by
21 the director of taxation, that all purchases so made were entitled to
22 exemption under this subsection. All invoices shall be held by the
23 contractor for a period of five years and shall be subject to audit by the
24 director of taxation. Any contractor or any agent, employee or
25 subcontractor thereof, who shall use or otherwise dispose of any materials,
26 machinery or equipment purchased under such a certificate for any
27 purpose other than that for which such a certificate is issued without the
28 payment of the sales or compensating tax otherwise imposed thereon, shall
29 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
30 to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-3615(h), and
31 amendments thereto. As used in this subsection, "business" and "retail
32 business" have the meanings respectively ascribed thereto by K.S.A. 74-
33 50,114, and amendments thereto. Project exemption certificates that have
34 been previously issued under this subsection by the department of revenue
35 pursuant to K.S.A. 74-50,115, and amendments thereto, but not including
36 K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
37 and have not expired will be effective for the term of the project or two
38 years from the effective date of the certificate, whichever occurs earlier.
39 Project exemption certificates that are submitted to the department of
40 revenue prior to January 1, 2012, and are found to qualify will be issued a
41 project exemption certificate that will be effective for a two-year period or
42 for the term of the project, whichever occurs earlier;

43 (dd) all sales of tangible personal property purchased with food

- 1 stamps issued by the United States department of agriculture;
- 2 (ee) all sales of lottery tickets and shares made as part of a lottery
3 operated by the state of Kansas;
- 4 (ff) on and after July 1, 1988, all sales of new mobile homes or
5 manufactured homes to the extent of 40% of the gross receipts, determined
6 without regard to any trade-in allowance, received from such sale. As used
7 in this subsection, "mobile homes" and "manufactured homes" shall have
8 the meanings ascribed thereto by K.S.A. 58-4202, and amendments
9 thereto;
- 10 (gg) all sales of tangible personal property purchased in accordance
11 with vouchers issued pursuant to the federal special supplemental food
12 program for women, infants and children;
- 13 (hh) all sales of medical supplies and equipment, including durable
14 medical equipment, purchased directly by a nonprofit skilled nursing home
15 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
16 and amendments thereto, for the purpose of providing medical services to
17 residents thereof. This exemption shall not apply to tangible personal
18 property customarily used for human habitation purposes. As used in this
19 subsection, "durable medical equipment" means equipment including
20 repair and replacement parts for such equipment, which can withstand
21 repeated use, is primarily and customarily used to serve a medical purpose,
22 generally is not useful to a person in the absence of illness or injury and is
23 not worn in or on the body, but does not include mobility enhancing
24 equipment as defined in subsection (r), oxygen delivery equipment, kidney
25 dialysis equipment or enteral feeding systems;
- 26 (ii) all sales of tangible personal property purchased directly by a
27 nonprofit organization for nonsectarian comprehensive multidiscipline
28 youth development programs and activities provided or sponsored by such
29 organization, and all sales of tangible personal property by or on behalf of
30 any such organization. This exemption shall not apply to tangible personal
31 property customarily used for human habitation purposes;
- 32 (jj) all sales of tangible personal property or services, including the
33 renting and leasing of tangible personal property, purchased directly on
34 behalf of a community-based facility for people with intellectual disability
35 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
36 amendments thereto, and licensed in accordance with the provisions of
37 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
38 personal property or services purchased by contractors during the time
39 period from July, 2003, through June, 2006, for the purpose of
40 constructing, equipping, maintaining or furnishing a new facility for a
41 community-based facility for people with intellectual disability or mental
42 health center located in Riverton, Cherokee County, Kansas, which would
43 have been eligible for sales tax exemption pursuant to this subsection if

1 purchased directly by such facility or center. This exemption shall not
2 apply to tangible personal property customarily used for human habitation
3 purposes;

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

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

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

11 (2) For purposes of this subsection:

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

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

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

36 (D) "manufacturing or processing business" means a business that
37 utilizes an integrated production operation to manufacture, process,
38 fabricate, finish, or assemble items for wholesale and retail distribution as
39 part of what is commonly regarded by the general public as an industrial
40 manufacturing or processing operation or an agricultural commodity
41 processing operation. (i) Industrial manufacturing or processing operations
42 include, by way of illustration but not of limitation, the fabrication of
43 automobiles, airplanes, machinery or transportation equipment, the

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

26 (E) "repair and replacement parts and accessories" means all parts
27 and accessories for exempt machinery and equipment, including, but not
28 limited to, dies, jigs, molds, patterns and safety devices that are attached to
29 exempt machinery or that are otherwise used in production, and parts and
30 accessories that require periodic replacement such as belts, drill bits,
31 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
32 other refractory items for exempt kiln equipment used in production
33 operations;

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

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

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

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

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

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

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

8 (F) to plan, manage, control or record the receipt and flow of
9 inventories of raw materials, consumables and component parts, the flow
10 of the property undergoing manufacturing or processing and the
11 management of inventories of the finished product;

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

15 (H) to package the property being manufactured or processed in a
16 container or wrapping in which such property is normally sold or
17 transported;

18 (I) to transmit or transport electricity, coke, gas, water, steam or
19 similar substances used in production operations from the point of
20 generation, if produced by the manufacturer or processor at the plant site,
21 to that manufacturer's production operation; or, if purchased or delivered
22 from off-site, from the point where the substance enters the site of the
23 plant or facility to that manufacturer's production operations;

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

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

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

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

34 (4) The following machinery, equipment and materials shall be
35 deemed to be exempt even though it may not otherwise qualify as
36 machinery and equipment used as an integral or essential part of an
37 integrated production operation: (A) Computers and related peripheral
38 equipment that are utilized by a manufacturing or processing business for
39 engineering of the finished product or for research and development or
40 product design; (B) machinery and equipment that is utilized by a
41 manufacturing or processing business to manufacture or rebuild tangible
42 personal property that is used in manufacturing or processing operations,
43 including tools, dies, molds, forms and other parts of qualifying machinery

1 and equipment; (C) portable plants for aggregate concrete, bulk cement
2 and asphalt including cement mixing drums to be attached to a motor
3 vehicle; (D) industrial fixtures, devices, support facilities and special
4 foundations necessary for manufacturing and production operations, and
5 materials and other tangible personal property sold for the purpose of
6 fabricating such fixtures, devices, facilities and foundations. An exemption
7 certificate for such purchases shall be signed by the manufacturer or
8 processor. If the fabricator purchases such material, the fabricator shall
9 also sign the exemption certificate; (E) a manufacturing or processing
10 business' laboratory equipment that is not located at the plant or facility,
11 but that would otherwise qualify for exemption under subsection (3)(E);
12 and (F) all machinery and equipment used in surface mining activities as
13 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
14 from the time a reclamation plan is filed to the acceptance of the
15 completed final site reclamation.

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

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

23 (B) machinery, equipment and tools used primarily in maintaining
24 and repairing any type of machinery and equipment or the building and
25 plant;

26 (C) transportation, transmission and distribution equipment not
27 primarily used in a production, warehousing or material handling
28 operation at the plant or facility, including the means of conveyance of
29 natural gas, electricity, oil or water, and equipment related thereto, located
30 outside the plant or facility;

31 (D) office machines and equipment including computers and related
32 peripheral equipment not used directly and primarily to control or measure
33 the manufacturing process;

34 (E) furniture and other furnishings;

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

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

41 (H) machinery and equipment used for general plant heating, cooling
42 and lighting;

43 (I) motor vehicles that are registered for operation on public

1 highways; or

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

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

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

15 (ll) all sales of educational materials purchased for distribution to the
16 public at no charge by a nonprofit corporation organized for the purpose of
17 encouraging, fostering and conducting programs for the improvement of
18 public health, except that for taxable years commencing after December
19 31, 2013, this subsection shall not apply to any sales of such materials
20 purchased by a nonprofit corporation which performs any abortion, as
21 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

41 (rr) all sales of tangible personal property which will admit the
42 purchaser thereof to any annual event sponsored by a nonprofit
43 organization which is exempt from federal income taxation pursuant to

1 section 501(c)(3) of the federal internal revenue code of 1986, except that
2 for taxable years commencing after December 31, 2013, this subsection
3 shall not apply to any sales of such tangible personal property purchased
4 by a nonprofit organization which performs any abortion, as defined in
5 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

26 (2) the Kansas alliance for the mentally ill, inc. for the purpose of
27 advocacy for persons with mental illness and to education, research and
28 support for their families;

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

32 (4) the American diabetes association Kansas affiliate, inc. for the
33 purpose of eliminating diabetes through medical research, public education
34 focusing on disease prevention and education, patient education including
35 information on coping with diabetes, and professional education and
36 training;

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

42 (6) the Kansas chapters of the Alzheimer's disease and related
43 disorders association, inc. for the purpose of providing assistance and

- 1 support to persons in Kansas with Alzheimer's disease, and their families
2 and caregivers;
- 3 (7) the Kansas chapters of the Parkinson's disease association for the
4 purpose of eliminating Parkinson's disease through medical research and
5 public and professional education related to such disease;
- 6 (8) the national kidney foundation of Kansas and western Missouri
7 for the purpose of eliminating kidney disease through medical research
8 and public and private education related to such disease;
- 9 (9) the heartstrings community foundation for the purpose of
10 providing training, employment and activities for adults with
11 developmental disabilities;
- 12 (10) the cystic fibrosis foundation, heart of America chapter, for the
13 purposes of assuring the development of the means to cure and control
14 cystic fibrosis and improving the quality of life for those with the disease;
- 15 (11) the spina bifida association of Kansas for the purpose of
16 providing financial, educational and practical aid to families and
17 individuals with spina bifida. Such aid includes, but is not limited to,
18 funding for medical devices, counseling and medical educational
19 opportunities;
- 20 (12) the CHWC, Inc., for the purpose of rebuilding urban core
21 neighborhoods through the construction of new homes, acquiring and
22 renovating existing homes and other related activities, and promoting
23 economic development in such neighborhoods;
- 24 (13) the cross-lines cooperative council for the purpose of providing
25 social services to low income individuals and families;
- 26 (14) the dreams work, inc., for the purpose of providing young adult
27 day services to individuals with developmental disabilities and assisting
28 families in avoiding institutional or nursing home care for a
29 developmentally disabled member of their family;
- 30 (15) the KSDS, Inc., for the purpose of promoting the independence
31 and inclusion of people with disabilities as fully participating and
32 contributing members of their communities and society through the
33 training and providing of guide and service dogs to people with
34 disabilities, and providing disability education and awareness to the
35 general public;
- 36 (16) the lyme association of greater Kansas City, Inc., for the purpose
37 of providing support to persons with lyme disease and public education
38 relating to the prevention, treatment and cure of lyme disease;
- 39 (17) the dream factory, inc., for the purpose of granting the dreams of
40 children with critical and chronic illnesses;
- 41 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
42 students and families with education and resources necessary to enable
43 each child to develop fine character and musical ability to the fullest

1 potential;

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

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

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

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

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

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

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

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

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

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

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

38 (aaa) all sales of tangible personal property and services purchased by
39 a religious organization which is exempt from federal income taxation
40 pursuant to section 501(c)(3) of the federal internal revenue code, and used
41 exclusively for religious purposes, and all sales of tangible personal
42 property or services purchased by a contractor for the purpose of
43 constructing, equipping, reconstructing, maintaining, repairing, enlarging,

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

1 tax paid as determined under the provisions of this subsection. All refunds
2 shall be paid from the sales tax refund fund upon warrants of the director
3 of accounts and reports pursuant to vouchers approved by the director or
4 the director's designee;

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

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

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

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

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

32 (fff) all sales of material handling equipment, racking systems and
33 other related machinery and equipment that is used for the handling,
34 movement or storage of tangible personal property in a warehouse or
35 distribution facility in this state; all sales of installation, repair and
36 maintenance services performed on such machinery and equipment; and
37 all sales of repair and replacement parts for such machinery and
38 equipment. For purposes of this subsection, a warehouse or distribution
39 facility means a single, fixed location that consists of buildings or
40 structures in a contiguous area where storage or distribution operations are
41 conducted that are separate and apart from the business' retail operations,
42 if any, and which do not otherwise qualify for exemption as occurring at a
43 manufacturing or processing plant or facility. Material handling and

1 storage equipment shall include aeration, dust control, cleaning, handling
2 and other such equipment that is used in a public grain warehouse or other
3 commercial grain storage facility, whether used for grain handling, grain
4 storage, grain refining or processing, or other grain treatment operation;

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

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

13 (iii) all sales of personal property and services purchased by an
14 organization which is exempt from federal income taxation pursuant to
15 section 501(c)(3) of the federal internal revenue code of 1986, and which
16 such personal property and services are used by any such organization in
17 the collection, storage and distribution of food products to nonprofit
18 organizations which distribute such food products to persons pursuant to a
19 food distribution program on a charitable basis without fee or charge, and
20 all sales of tangible personal property or services purchased by a
21 contractor for the purpose of constructing, equipping, reconstructing,
22 maintaining, repairing, enlarging, furnishing or remodeling facilities used
23 for the collection and storage of such food products for any such
24 organization which is exempt from federal income taxation pursuant to
25 section 501(c)(3) of the federal internal revenue code of 1986, which
26 would be exempt from taxation under the provisions of this section if
27 purchased directly by such organization. Nothing in this subsection shall
28 be deemed to exempt the purchase of any construction machinery,
29 equipment or tools used in the constructing, equipping, reconstructing,
30 maintaining, repairing, enlarging, furnishing or remodeling facilities for
31 any such organization. When any such organization shall contract for the
32 purpose of constructing, equipping, reconstructing, maintaining, repairing,
33 enlarging, furnishing or remodeling facilities, it shall obtain from the state
34 and furnish to the contractor an exemption certificate for the project
35 involved, and the contractor may purchase materials for incorporation in
36 such project. The contractor shall furnish the number of such certificate to
37 all suppliers from whom such purchases are made, and such suppliers shall
38 execute invoices covering the same bearing the number of such certificate.
39 Upon completion of the project the contractor shall furnish to such
40 organization concerned a sworn statement, on a form to be provided by the
41 director of taxation, that all purchases so made were entitled to exemption
42 under this subsection. All invoices shall be held by the contractor for a
43 period of five years and shall be subject to audit by the director of taxation.

1 If any materials purchased under such a certificate are found not to have
2 been incorporated in such facilities or not to have been returned for credit
3 or the sales or compensating tax otherwise imposed upon such materials
4 which will not be so incorporated in such facilities 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, such organization concerned shall be liable for tax
9 on all materials purchased for the project, and upon payment thereof it
10 may recover the same from the contractor together with reasonable
11 attorney fees. Any contractor or any agent, employee or subcontractor
12 thereof, who shall use or otherwise dispose of any materials purchased
13 under such a certificate for any purpose other than that for which such a
14 certificate is issued without the payment of the sales or compensating tax
15 otherwise imposed upon such materials, shall be guilty of a misdemeanor
16 and, upon conviction therefor, shall be subject to the penalties provided for
17 in ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto. Sales tax
18 paid on and after July 1, 2005, but prior to the effective date of this act
19 upon the gross receipts received from any sale exempted by the
20 amendatory provisions of this subsection shall be refunded. Each claim for
21 a sales tax refund shall be verified and submitted to the director of taxation
22 upon forms furnished by the director and shall be accompanied by any
23 additional documentation required by the director. The director shall
24 review each claim and shall refund that amount of sales tax paid as
25 determined under the provisions of this subsection. All refunds shall be
26 paid from the sales tax refund fund upon warrants of the director of
27 accounts and reports pursuant to vouchers approved by the director or the
28 director's designee;

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

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

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

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

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

25 (ppp) all sales of tangible personal property and services purchased
26 by or on behalf of a homeless shelter which is exempt from federal income
27 taxation pursuant to section 501(c)(3) of the federal income tax code of
28 1986, and used by any such homeless shelter to provide emergency and
29 transitional housing for individuals and families experiencing
30 homelessness, and all sales of any such property by or on behalf of any
31 such homeless shelter for any such purpose;

32 (qqq) all sales of tangible personal property and services purchased
33 by TLC for children and families, inc., hereinafter referred to as TLC,
34 which is exempt from federal income taxation pursuant to section 501(c)
35 (3) of the federal internal revenue code of 1986, and which such property
36 and services are used for the purpose of providing emergency shelter and
37 treatment for abused and neglected children as well as meeting additional
38 critical needs for children, juveniles and family, and all sales of any such
39 property by or on behalf of TLC for any such purpose; and all sales of
40 tangible personal property or services purchased by a contractor for the
41 purpose of constructing, maintaining, repairing, enlarging, furnishing or
42 remodeling facilities for the operation of services for TLC for any such
43 purpose which would be exempt from taxation under the provisions of this

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

34 (rrr) all sales of tangible personal property and services purchased by
35 any county law library maintained pursuant to law and sales of tangible
36 personal property and services purchased by an organization which would
37 have been exempt from taxation under the provisions of this subsection if
38 purchased directly by the county law library for the purpose of providing
39 legal resources to attorneys, judges, students and the general public, and
40 all sales of any such property by or on behalf of any such county law
41 library;

42 (sss) all sales of tangible personal property and services purchased by
43 catholic charities or youthville, hereinafter referred to as charitable family

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

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

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

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

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

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

9 (vvv) all sales of tangible personal property or services, including the
10 renting and leasing of tangible personal property or services, purchased by
11 jazz in the woods, inc., a Kansas corporation which is exempt from federal
12 income taxation pursuant to section 501(c)(3) of the federal internal
13 revenue code, for the purpose of providing jazz in the woods, an event
14 benefiting children-in-need and other nonprofit charities assisting such
15 children, and all sales of any such property by or on behalf of such
16 organization for such purpose;

17 (www) all sales of tangible personal property purchased by or on
18 behalf of the Frontenac education foundation, which is exempt from
19 federal income taxation pursuant to section 501(c)(3) of the federal
20 internal revenue code, for the purpose of providing education support for
21 students, and all sales of any such property by or on behalf of such
22 organization for such purpose;

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

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

36 (yyy) all sales of tangible personal property and services purchased
37 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
38 which is exempt from federal income taxation pursuant to section 501(c)
39 (3) of the federal internal revenue code of 1986, and which such property
40 and services are used for the purpose of encouraging private philanthropy
41 to further the vision, values, and goals of TLC for children and families,
42 inc.; and all sales of such property and services by or on behalf of TLC
43 charities for any such purpose and all sales of tangible personal property or

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

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

43 (aaaa) all sales of personal property and services purchased by or on

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

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

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

20 (dddd) all sales of tangible personal property or services purchased
21 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
22 of which are exempt from federal income taxation pursuant to section
23 501(c)(3) of the federal internal revenue code, for the purpose of providing
24 education, training and employment opportunities for people with
25 disabilities and other barriers to employment;

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

33 (ffff) all sales of tangible personal property and services purchased by
34 sheltered living, inc., which is exempt from federal income taxation
35 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
36 and which such property and services are used for the purpose of
37 providing residential and day services for people with developmental
38 disabilities or intellectual disability, or both, and all sales of any such
39 property by or on behalf of sheltered living, inc., for any such purpose; and
40 all sales of tangible personal property or services purchased by a
41 contractor for the purpose of rehabilitating, constructing, maintaining,
42 repairing, enlarging, furnishing or remodeling homes and facilities for
43 sheltered living, inc., for any such purpose which would be exempt from

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

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

38 (hhhh) all sales of tangible personal property or services purchased
39 on or after July 1, 2014, for the purpose of and in conjunction with
40 constructing, reconstructing, enlarging or remodeling a business identified
41 under the North American industry classification system (NAICS)
42 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
43 installation of machinery and equipment purchased for installation at any

1 such business. The exemption provided in this subsection shall not apply
2 to projects that have actual total costs less than \$50,000. When a person
3 contracts for the construction, reconstruction, enlargement or remodeling
4 of any such business, such person shall obtain from the state and furnish to
5 the contractor an exemption certificate for the project involved, and the
6 contractor may purchase materials, machinery and equipment for
7 incorporation in such project. The contractor shall furnish the number of
8 such certificates to all suppliers from whom such purchases are made, and
9 such suppliers shall execute invoices covering the same bearing the
10 number of such certificate. Upon completion of the project, the contractor
11 shall furnish to the owner of the business a sworn statement, on a form to
12 be provided by the director of taxation, that all purchases so made were
13 entitled to exemption under this subsection. All invoices shall be held by
14 the contractor for a period of five years and shall be subject to audit by the
15 director of taxation. Any contractor or any agent, employee or
16 subcontractor of the contractor, who shall use or otherwise dispose of any
17 materials, machinery or equipment purchased under such a certificate for
18 any purpose other than that for which such a certificate is issued without
19 the payment of the sales or compensating tax otherwise imposed thereon,
20 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
21 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
22 3615(h), and amendments thereto;

23 (iii) all sales of tangible personal property or services purchased by a
24 contractor for the purpose of constructing, maintaining, repairing,
25 enlarging, furnishing or remodeling facilities for the operation of services
26 for Wichita children's home for any such purpose which would be exempt
27 from taxation under the provisions of this section if purchased directly by
28 Wichita children's home. Nothing in this subsection shall be deemed to
29 exempt the purchase of any construction machinery, equipment or tools
30 used in the constructing, maintaining, repairing, enlarging, furnishing or
31 remodeling such facilities for Wichita children's home. When Wichita
32 children's home contracts for the purpose of constructing, maintaining,
33 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
34 from the state and furnish to the contractor an exemption certificate for the
35 project involved, and the contractor may purchase materials for
36 incorporation in such project. The contractor shall furnish the number of
37 such certificate to all suppliers from whom such purchases are made, and
38 such suppliers shall execute invoices covering the same bearing the
39 number of such certificate. Upon completion of the project, the contractor
40 shall furnish to Wichita children's home a sworn statement, on a form to be
41 provided by the director of taxation, that all purchases so made were
42 entitled to exemption under this subsection. All invoices shall be held by
43 the contractor for a period of five years and shall be subject to audit by the

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

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

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

31 Sec. 2. K.S.A. 2014 Supp. 79-3606 is hereby repealed.

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