

HOUSE BILL No. 2767

By Committee on Appropriations

3-6

1 AN ACT concerning economic development; relating to reinstating the
2 enterprise zone program; amending K.S.A. 2017 Supp. 79-32,160a, 79-
3 32,160g and 79-3606 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2017 Supp. 79-32,160a is hereby amended to read
7 as follows: 79-32,160a. (a) For taxable years commencing after December
8 31, 1999, and before January 1, 2012, *and for taxable years commencing*
9 *after December 31, 2018*, any taxpayer who shall invest in a qualified
10 business facility, as defined in ~~subsection (b)~~ of K.S.A. 79-32,154(b), and
11 amendments thereto, and effective for tax years commencing after
12 December 31, 2010, and before January 1, 2012, *and effective for tax*
13 *years commencing after December 31, 2018*, located in an area other than
14 a metropolitan county as defined in either K.S.A. 2017 Supp. 74-50,114 or
15 74-50,211, and amendments thereto, and also meets the definition of a
16 business in ~~subsection (b)~~ of K.S.A. 74-50,114(b), and amendments
17 thereto, shall be allowed a credit for such investment, in an amount
18 determined under subsection (b) or (c), as the case requires, against the tax
19 imposed by the Kansas income tax act or where the qualified business
20 facility is the principal place from which the trade or business of the
21 taxpayer is directed or managed and the facility has facilitated the creation
22 of at least 20 new full-time positions, against the premium tax or privilege
23 fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or as
24 measured by the net income of financial institutions imposed pursuant to
25 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
26 thereto, for the taxable year during which commencement of commercial
27 operations, as defined in ~~subsection (f)~~ of K.S.A. 79-32,154(f), and
28 amendments thereto, occurs at such qualified business facility. In the case
29 of a taxpayer who meets the definition of a manufacturing business in
30 ~~subsection (d)~~ of K.S.A. 74-50,114(d), and amendments thereto, no credit
31 shall be allowed under this section unless the number of qualified business
32 facility employees, as determined under ~~subsection (d)~~ of K.S.A. 79-
33 32,154(d), and amendments thereto, engaged or maintained in employment
34 at the qualified business facility as a direct result of the investment by the
35 taxpayer for the taxable year for which the credit is claimed equals or
36 exceeds two. In the case of a taxpayer who meets the definition of a

1 nonmanufacturing business in ~~subsection (f)~~ of K.S.A. 74-50,114(f), and
2 amendments thereto, no credit shall be allowed under this section unless
3 the number of qualified business facility employees, as determined under
4 ~~subsection (d)~~ of K.S.A. 79-32,154(d), and amendments thereto, engaged
5 or maintained in employment at the qualified business facility as a direct
6 result of the investment by the taxpayer for the taxable year for which the
7 credit is claimed equals or exceeds five. Where an employee performs
8 services for the taxpayer outside the qualified business facility, the
9 employee shall be considered engaged or maintained in employment at the
10 qualified business facility if: (1) The employee's service performed outside
11 the qualified business facility is incidental to the employee's service inside
12 the qualified business facility; or (2) the base of operations or, the place
13 from which the service is directed or controlled, is at the qualified business
14 facility.

15 (b) The credit allowed by subsection (a) for any taxpayer who invests
16 in a qualified business facility which is located in a designated
17 nonmetropolitan region established under K.S.A. 74-50,116, and
18 amendments thereto, on or after the effective date of this act, shall be a
19 portion of the income tax imposed by the Kansas income tax act on the
20 taxpayer's Kansas taxable income, the premium tax or privilege fees
21 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
22 privilege tax as measured by the net income of financial institutions
23 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
24 Annotated, and amendments thereto, for the taxable year for which such
25 credit is allowed, but in the case where the qualified business facility
26 investment was made prior to January 1, 1996, not in excess of 50% of
27 such tax. Such portion shall be an amount equal to the sum of the
28 following:

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

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

36 (c) The credit allowed by subsection (a) for any taxpayer who invests
37 in a qualified business facility, which is not located in a nonmetropolitan
38 region established under K.S.A. 74-50,116, and amendments thereto, and
39 effective for tax years commencing after December 31, 2010, and before
40 January 1, 2012, *and effective for tax years commencing after December*
41 *31, 2018*, is located in an area other than a metropolitan county as defined
42 in either K.S.A. 2017 Supp. 74-50,114 or 74-50,211, and amendments
43 thereto, and ~~which~~ *that* also meets the definition of business in ~~subsection~~

1 ~~(b)~~ of K.S.A. 74-50,114(b), and amendments thereto, on or after the
2 effective date of this act, shall be a portion of the income tax imposed by
3 the Kansas income tax act on the taxpayer's Kansas taxable income, the
4 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
5 amendments thereto, or the privilege tax as measured by the net income of
6 financial institutions imposed pursuant to article 11 of chapter 79 of the
7 Kansas Statutes Annotated, and amendments thereto, for the taxable year
8 for which such credit is allowed, but in the case where the qualified
9 business facility investment was made prior to January 1, 1996, not in
10 excess of 50% of such tax. Such portion shall be an amount equal to the
11 sum of the following:

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

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

19 (d) The credit allowed by subsection (a) for each qualified business
20 facility employee and for qualified business facility investment shall be a
21 one-time credit. If the amount of the credit allowed under subsection (a)
22 exceeds the tax imposed by the Kansas income tax act on the taxpayer's
23 Kansas taxable income, the premium tax and privilege fees imposed
24 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
25 measured by the net income of financial institutions imposed pursuant to
26 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
27 thereto, for the taxable year, or in the case where the qualified business
28 facility investment was made prior to January 1, 1996, 50% of such tax
29 imposed upon the amount which exceeds such tax liability or such portion
30 thereof may be carried over for credit in the same manner in the
31 succeeding taxable years until the total amount of such credit is used.
32 Except that, before the credit is allowed, a taxpayer, who meets the
33 definition of a manufacturing business in ~~subsection (d)~~ of K.S.A. 74-
34 50,114(d), and amendments thereto, shall recertify annually that the net
35 increase of a minimum of two qualified business facility employees has
36 continued to be maintained and a taxpayer, who meets the definition of a
37 nonmanufacturing business in ~~subsection (f)~~ of K.S.A. 74-50,114(f), and
38 amendments thereto, shall recertify annually that the net increase of a
39 minimum of five qualified business employees has continued to be
40 maintained.

41 (e) Notwithstanding the foregoing provisions of this section, and
42 except as otherwise provided in this subsection, any taxpayer qualified and
43 certified under the provisions of K.S.A. 74-50,131, and amendments

1 thereto; which, prior to making a commitment to invest in a qualified
2 Kansas business, has filed a certificate of intent to invest in a qualified
3 business facility in a form satisfactory to the secretary of commerce; and
4 that has received written approval from the secretary of commerce for
5 participation and has participated, during the tax year for which the
6 exemption is claimed, in the Kansas industrial training, Kansas industrial
7 retraining or the state of Kansas investments in lifelong learning program
8 or is eligible for the tax credit established in K.S.A. 74-50,132, and
9 amendments thereto, shall be entitled to a credit in an amount equal to
10 10% of that portion of the qualified business facility investment which
11 exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2)
12 without regard to the number of qualified business facility employees
13 engaged or maintained in employment at the qualified business facility.
14 For tax years beginning on or after January 1, 2012, for a qualified
15 business facility investment in Douglas, Johnson, Sedgwick, Shawnee or
16 Wyandotte counties, such credit shall be in an amount equal to 10% of that
17 portion of the qualified business facility investment which exceeds
18 \$1,000,000. Any taxpayer who has filed a certificate of intent to invest in a
19 qualified business facility pursuant to this subsection in Douglas, Johnson,
20 Sedgwick, Shawnee or Wyandotte county prior to December 31, 2011, and
21 commences investments in a qualified business facility prior to December
22 31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and
23 ~~subsection (e) of 79-32,160a.(e)~~ and amendments thereto, in an amount
24 equal to 10% of that portion of the qualified business facility investment
25 which exceeds \$50,000. Timing modifications may be authorized at the
26 discretion of the secretary of commerce and the secretary of revenue
27 during the transition period. The credit allowed by this subsection shall be
28 a one-time credit. If the amount thereof exceeds the tax imposed by the
29 Kansas income tax act on the taxpayer's Kansas taxable income or the
30 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
31 amendments thereto, or the privilege tax as measured by net income of
32 financial institutions imposed pursuant to article 11 of chapter 79 of the
33 Kansas Statutes Annotated, and amendments thereto, for the taxable year,
34 the amount thereof which exceeds such tax liability may be carried
35 forward for credit in the succeeding taxable year or years until the total
36 amount of the tax credit is used, except that no such tax credit shall be
37 carried forward for deduction after the 16th taxable year succeeding the
38 taxable year in which such credit initially was claimed, and no
39 carryforward shall be allowed for deduction in any succeeding taxable
40 year unless the taxpayer certifies under oath that the taxpayer continues to
41 meet the requirements of K.S.A. 74-50,131, and amendments thereto, and
42 this act. In no event shall any credit allowed under this section that expired
43 during any taxable year prior to the taxable year commencing January 1,

1 2011, be revived under the provisions of this act.

2 (f) For tax years commencing after December 31, 2005, any taxpayer
3 claiming credits pursuant to this section, as a condition for claiming and
4 qualifying for such credits, shall provide information pursuant to K.S.A.
5 2017 Supp. 79-32,243, and amendments thereto, as part of the tax return in
6 which such credits are claimed. Such credits shall not be denied solely on
7 the basis of the contents of the information provided by the taxpayer
8 pursuant to K.S.A. 2017 Supp. 79-32,243, and amendments thereto.

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

12 Sec. 2. K.S.A. 2017 Supp. 79-32,160g is hereby amended to read as
13 follows: 79-32,160g. (a) Except as otherwise provided, for taxable years
14 commencing after December 31, 2011, no credits may be earned through
15 the Kansas enterprise zone act, K.S.A. 79-32,160a; or the job expansion
16 and investment tax credit act, K.S.A. 79-32,153. Any carry forward credit
17 that has been earned through the Kansas enterprise zone act, K.S.A. 79-
18 32,160a, and is remaining after December 31, 2011, may be carried
19 forward to succeeding taxable years as long as all requirements continue to
20 be met. Any credit that has been earned through the job expansion and
21 investment tax credit act, K.S.A. 79-32,153, with years left in recomputing
22 the credit after December 31, 2011, may continue for the remainder of the
23 nine-year period as long as all requirements continue to be met.

24 (b) *Commencing on January 1, 2019, credits may be earned through*
25 *the Kansas enterprise zone act, K.S.A. 79-32,160a, and amendments*
26 *thereto.*

27 Sec. 3. K.S.A. 2017 Supp. 79-3606 is hereby amended to read as
28 follows: 79-3606. The following shall be exempt from the tax imposed by
29 this act:

30 (a) All sales of motor-vehicle fuel or other articles upon which a sales
31 or excise tax has been paid, not subject to refund, under the laws of this
32 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
33 3301, and amendments thereto, including consumable material for such
34 electronic cigarettes, cereal malt beverages and malt products as defined
35 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
36 malt syrup and malt extract, which is not subject to taxation under the
37 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
38 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
39 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
40 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
41 thereto, and gross receipts from regulated sports contests taxed pursuant to
42 the Kansas professional regulated sports act, and amendments thereto;

43 (b) all sales of tangible personal property or service, including the

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

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

23 (d) all sales of tangible personal property or services purchased by a
24 contractor for the purpose of constructing, equipping, reconstructing,
25 maintaining, repairing, enlarging, furnishing or remodeling facilities for
26 any public or private nonprofit hospital or public hospital authority, public
27 or private elementary or secondary school, a public or private nonprofit
28 educational institution, state correctional institution including a privately
29 constructed correctional institution contracted for state use and ownership,
30 which would be exempt from taxation under the provisions of this act if
31 purchased directly by such hospital or public hospital authority, school,
32 educational institution or a state correctional institution; and all sales of
33 tangible personal property or services purchased by a contractor for the
34 purpose of constructing, equipping, reconstructing, maintaining, repairing,
35 enlarging, furnishing or remodeling facilities for any political subdivision
36 of the state or district described in subsection (s), the total cost of which is
37 paid from funds of such political subdivision or district and which would
38 be exempt from taxation under the provisions of this act if purchased
39 directly by such political subdivision or district. Nothing in this subsection
40 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be
41 deemed to exempt the purchase of any construction machinery, equipment
42 or tools used in the constructing, equipping, reconstructing, maintaining,
43 repairing, enlarging, furnishing or remodeling facilities for any political

1 subdivision of the state or any such district. As used in this subsection,
2 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
3 political subdivision" shall mean general tax revenues, the proceeds of any
4 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
5 purpose of constructing, equipping, reconstructing, repairing, enlarging,
6 furnishing or remodeling facilities which are to be leased to the donor.
7 When any political subdivision of the state, district described in subsection
8 (s), public or private nonprofit hospital or public hospital authority, public
9 or private elementary or secondary school, public or private nonprofit
10 educational institution, state correctional institution including a privately
11 constructed correctional institution contracted for state use and ownership
12 shall contract for the purpose of constructing, equipping, reconstructing,
13 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
14 shall obtain from the state and furnish to the contractor an exemption
15 certificate for the project involved, and the contractor may purchase
16 materials for incorporation in such project. The contractor shall furnish the
17 number of such certificate to all suppliers from whom such purchases are
18 made, and such suppliers shall execute invoices covering the same bearing
19 the number of such certificate. Upon completion of the project the
20 contractor shall furnish to the political subdivision, district described in
21 subsection (s), hospital or public hospital authority, school, educational
22 institution or department of corrections concerned a sworn statement, on a
23 form to be provided by the director of taxation, that all purchases so made
24 were entitled to exemption under this subsection. As an alternative to the
25 foregoing procedure, any such contracting entity may apply to the
26 secretary of revenue for agent status for the sole purpose of issuing and
27 furnishing project exemption certificates to contractors pursuant to rules
28 and regulations adopted by the secretary establishing conditions and
29 standards for the granting and maintaining of such status. All invoices
30 shall be held by the contractor for a period of five years and shall be
31 subject to audit by the director of taxation. If any materials purchased
32 under such a certificate are found not to have been incorporated in the
33 building or other project or not to have been returned for credit or the sales
34 or compensating tax otherwise imposed upon such materials which will
35 not be so incorporated in the building or other project reported and paid by
36 such contractor to the director of taxation not later than the 20th day of the
37 month following the close of the month in which it shall be determined
38 that such materials will not be used for the purpose for which such
39 certificate was issued, the political subdivision, district described in
40 subsection (s), hospital or public hospital authority, school, educational
41 institution or the contractor contracting with the department of corrections
42 for a correctional institution concerned shall be liable for tax on all
43 materials purchased for the project, and upon payment thereof it may

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

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

40 (f) tangible personal property purchased by a railroad or public utility
41 for consumption or movement directly and immediately in interstate
42 commerce;

43 (g) sales of aircraft including remanufactured and modified aircraft

1 sold to persons using directly or through an authorized agent such aircraft
2 as certified or licensed carriers of persons or property in interstate or
3 foreign commerce under authority of the laws of the United States or any
4 foreign government or sold to any foreign government or agency or
5 instrumentality of such foreign government and all sales of aircraft for use
6 outside of the United States and sales of aircraft repair, modification and
7 replacement parts and sales of services employed in the remanufacture,
8 modification and repair of aircraft;

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

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

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

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

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

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

36 (n) all sales of tangible personal property which is consumed in the
37 production, manufacture, processing, mining, drilling, refining or
38 compounding of tangible personal property, the treating of by-products or
39 wastes derived from any such production process, the providing of
40 services or the irrigation of crops for ultimate sale at retail within or
41 without the state of Kansas; and any purchaser of such property may
42 obtain from the director of taxation and furnish to the supplier an
43 exemption certificate number for tangible personal property for

1 consumption in such production, manufacture, processing, mining,
2 drilling, refining, compounding, treating, irrigation and in providing such
3 services;

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

10 (p) all sales of drugs dispensed pursuant to a prescription order by a
11 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
12 1626, and amendments thereto. As used in this subsection, "drug" means a
13 compound, substance or preparation and any component of a compound,
14 substance or preparation, other than food and food ingredients, dietary
15 supplements or alcoholic beverages, recognized in the official United
16 States pharmacopoeia, official homeopathic pharmacopoeia of the United
17 States or official national formulary, and supplement to any of them,
18 intended for use in the diagnosis, cure, mitigation, treatment or prevention
19 of disease or intended to affect the structure or any function of the body,
20 except that for taxable years commencing after December 31, 2013, this
21 subsection shall not apply to any sales of drugs used in the performance or
22 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
23 thereto;

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

27 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
28 enteral feeding systems, prosthetic devices and mobility enhancing
29 equipment prescribed in writing by a person licensed to practice the
30 healing arts, dentistry or optometry, and in addition to such sales, all sales
31 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
32 and repair and replacement parts therefor, including batteries, by a person
33 licensed in the practice of dispensing and fitting hearing aids pursuant to
34 the provisions of K.S.A. 74-5808, and amendments thereto. For the
35 purposes of this subsection: (1) "Mobility enhancing equipment" means
36 equipment including repair and replacement parts to same, but does not
37 include durable medical equipment, which is primarily and customarily
38 used to provide or increase the ability to move from one place to another
39 and which is appropriate for use either in a home or a motor vehicle; is not
40 generally used by persons with normal mobility; and does not include any
41 motor vehicle or equipment on a motor vehicle normally provided by a
42 motor vehicle manufacturer; and (2) "prosthetic device" means a
43 replacement, corrective or supportive device including repair and

1 replacement parts for same worn on or in the body to artificially replace a
2 missing portion of the body, prevent or correct physical deformity or
3 malfunction or support a weak or deformed portion of the body;

4 (s) except as provided in K.S.A. 2017 Supp. 82a-2101, and
5 amendments thereto, all sales of tangible personal property or services
6 purchased directly or indirectly by a groundwater management district
7 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
8 amendments thereto, by a rural water district organized or operating under
9 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
10 supply district organized or operating under the authority of K.S.A. 19-
11 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
12 property or services are used in the construction activities, operation or
13 maintenance of the district;

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

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

43 (v) all sales of tangible personal property to any contractor for use in

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

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

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

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

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

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

40 (bb) all sales of used mobile homes or manufactured homes. As used
41 in this subsection: (1) "Mobile homes" and "manufactured homes" shall
42 have the meanings ascribed thereto by K.S.A. 58-4202, and amendments
43 thereto; and (2) "sales of used mobile homes or manufactured homes"

1 means sales other than the original retail sale thereof;

2 (cc) all sales of tangible personal property or services purchased ~~prior~~
3 ~~to January 1, 2012, except as otherwise provided, on or after January 1,~~
4 ~~2019,~~ for the purpose of and in conjunction with constructing,
5 reconstructing, enlarging or remodeling a business or retail business which
6 meets the requirements established in K.S.A. 74-50,115, and amendments
7 thereto, and the sale and installation of machinery and equipment
8 purchased for installation at any such business or retail business, and all
9 sales of tangible personal property or services purchased on or after
10 January 1, 2012, for the purpose of and in conjunction with constructing,
11 reconstructing, enlarging or remodeling a business which meets the
12 requirements established in K.S.A. 74-50,115(e), and amendments thereto,
13 and the sale and installation of machinery and equipment purchased for
14 installation at any such business. When a person shall contract for the
15 construction, reconstruction, enlargement or remodeling of any such
16 business or retail business, such person shall obtain from the state and
17 furnish to the contractor an exemption certificate for the project involved,
18 and the contractor may purchase materials, machinery and equipment for
19 incorporation in such project. The contractor shall furnish the number of
20 such certificates to all suppliers from whom such purchases are made, and
21 such suppliers shall execute invoices covering the same bearing the
22 number of such certificate. Upon completion of the project the contractor
23 shall furnish to the owner of the business or retail business a sworn
24 statement, on a form to be provided by the director of taxation, that all
25 purchases so made were entitled to exemption under this subsection. All
26 invoices shall be held by the contractor for a period of five years and shall
27 be subject to audit by the director of taxation. Any contractor or any agent,
28 employee or subcontractor thereof, who shall use or otherwise dispose of
29 any materials, machinery or equipment purchased under such a certificate
30 for any purpose other than that for which such a certificate is issued
31 without the payment of the sales or compensating tax otherwise imposed
32 thereon, shall be guilty of a misdemeanor and, upon conviction therefor,
33 shall be subject to the penalties provided for in K.S.A. 79-3615(h), and
34 amendments thereto. As used in this subsection, "business" and "retail
35 business" have the meanings respectively ascribed thereto by K.S.A. 74-
36 50,114, and amendments thereto. Project exemption certificates that have
37 been previously issued under this subsection by the department of revenue
38 pursuant to K.S.A. 74-50,115, and amendments thereto, but not including
39 K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
40 and have not expired will be effective for the term of the project or two
41 years from the effective date of the certificate, whichever occurs earlier.
42 Project exemption certificates that are submitted to the department of
43 revenue prior to January 1, 2012, and are found to qualify will be issued a

1 project exemption certificate that will be effective for a two-year period or
2 for the term of the project, whichever occurs earlier;

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

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

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

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

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

29 (ii) all sales of tangible personal property purchased directly by a
30 nonprofit organization for nonsectarian comprehensive multidiscipline
31 youth development programs and activities provided or sponsored by such
32 organization, and all sales of tangible personal property by or on behalf of
33 any such organization. This exemption shall not apply to tangible personal
34 property customarily used for human habitation purposes;

35 (jj) all sales of tangible personal property or services, including the
36 renting and leasing of tangible personal property, purchased directly on
37 behalf of a community-based facility for people with intellectual disability
38 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
39 amendments thereto, and licensed in accordance with the provisions of
40 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
41 personal property or services purchased by contractors during the time
42 period from July, 2003, through June, 2006, for the purpose of
43 constructing, equipping, maintaining or furnishing a new facility for a

1 community-based facility for people with intellectual disability or mental
2 health center located in Riverton, Cherokee County, Kansas, which would
3 have been eligible for sales tax exemption pursuant to this subsection if
4 purchased directly by such facility or center. This exemption shall not
5 apply to tangible personal property customarily used for human habitation
6 purposes;

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

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

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

14 (2) For purposes of this subsection:

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

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

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

39 (D) "manufacturing or processing business" means a business that
40 utilizes an integrated production operation to manufacture, process,
41 fabricate, finish, or assemble items for wholesale and retail distribution as
42 part of what is commonly regarded by the general public as an industrial
43 manufacturing or processing operation or an agricultural commodity

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

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

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

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

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

43 (B) to transport, convey, handle or store the property undergoing

1 manufacturing or processing at any point from the beginning of the
2 production line through any warehousing or distribution operation of the
3 final product that occurs at the plant or facility;

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

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

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

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

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

18 (H) to package the property being manufactured or processed in a
19 container or wrapping in which such property is normally sold or
20 transported;

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

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

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

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

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

37 (4) The following machinery, equipment and materials shall be
38 deemed to be exempt even though it may not otherwise qualify as
39 machinery and equipment used as an integral or essential part of an
40 integrated production operation: (A) Computers and related peripheral
41 equipment that are utilized by a manufacturing or processing business for
42 engineering of the finished product or for research and development or
43 product design; (B) machinery and equipment that is utilized by a

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

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

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

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

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

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

37 (E) furniture and other furnishings;

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

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

1 (H) machinery and equipment used for general plant heating, cooling
2 and lighting;

3 (I) motor vehicles that are registered for operation on public
4 highways; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (5) the American lung association of Kansas, inc. for the purpose of
41 eliminating all lung diseases through medical research, public education
42 including information on coping with lung diseases, professional education
43 and training related to lung disease and other related services to reduce the

1 incidence of disability and death due to lung disease;

2 (6) the Kansas chapters of the Alzheimer's disease and related
3 disorders association, inc. for the purpose of providing assistance and
4 support to persons in Kansas with Alzheimer's disease, and their families
5 and caregivers;

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

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

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

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

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

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

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

29 (14) the dreams work, inc., for the purpose of providing young adult
30 day services to individuals with developmental disabilities and assisting
31 families in avoiding institutional or nursing home care for a
32 developmentally disabled member of their family;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (aaa) all sales of tangible personal property and services purchased by
42 a religious organization which is exempt from federal income taxation
43 pursuant to section 501(c)(3) of the federal internal revenue code, and used

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

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

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

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

1 period of five years and shall be subject to audit by the director of taxation.
2 If any materials purchased under such a certificate are found not to have
3 been incorporated in the building or other project or not to have been
4 returned for credit or the sales or compensating tax otherwise imposed
5 upon such materials which will not be so incorporated in the building or
6 other project reported and paid by such contractor to the director of
7 taxation not later than the 20th day of the month following the close of the
8 month in which it shall be determined that such materials will not be used
9 for the purpose for which such certificate was issued, such clinic or center
10 concerned shall be liable for tax on all materials purchased for the project,
11 and upon payment thereof it may recover the same from the contractor
12 together with reasonable attorney fees. Any contractor or any agent,
13 employee or subcontractor thereof, who shall use or otherwise dispose of
14 any materials purchased under such a certificate for any purpose other than
15 that for which such a certificate is issued without the payment of the sales
16 or compensating tax otherwise imposed upon such materials, shall be
17 guilty of a misdemeanor and, upon conviction therefor, shall be subject to
18 the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;
19 (ddd) on and after January 1, 1999, and before January 1, 2000, all
20 sales of materials and services purchased by any class II or III railroad as
21 classified by the federal surface transportation board for the construction,
22 renovation, repair or replacement of class II or III railroad track and
23 facilities used directly in interstate commerce. In the event any such track
24 or facility for which materials and services were purchased sales tax
25 exempt is not operational for five years succeeding the allowance of such
26 exemption, the total amount of sales tax which would have been payable
27 except for the operation of this subsection shall be recouped in accordance
28 with rules and regulations adopted for such purpose by the secretary of
29 revenue;
30 (eee) on and after January 1, 1999, and before January 1, 2001, all
31 sales of materials and services purchased for the original construction,
32 reconstruction, repair or replacement of grain storage facilities, including
33 railroad sidings providing access thereto;
34 (fff) all sales of material handling equipment, racking systems and
35 other related machinery and equipment that is used for the handling,
36 movement or storage of tangible personal property in a warehouse or
37 distribution facility in this state; all sales of installation, repair and
38 maintenance services performed on such machinery and equipment; and
39 all sales of repair and replacement parts for such machinery and
40 equipment. For purposes of this subsection, a warehouse or distribution
41 facility means a single, fixed location that consists of buildings or
42 structures in a contiguous area where storage or distribution operations are
43 conducted that are separate and apart from the business' retail operations,

1 if any, and which do not otherwise qualify for exemption as occurring at a
2 manufacturing or processing plant or facility. Material handling and
3 storage equipment shall include aeration, dust control, cleaning, handling
4 and other such equipment that is used in a public grain warehouse or other
5 commercial grain storage facility, whether used for grain handling, grain
6 storage, grain refining or processing, or other grain treatment operation;

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

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

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

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

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

1 and as required pursuant to 21 C.F.R. § 101.36;

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

11 (mmm) all sales of tangible personal property purchased by or on
12 behalf of the Marillac center, 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 psycho-social-biological and special
15 education services to children, and all sales of any such property by or on
16 behalf of such organization for such purpose;

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

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

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

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

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

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

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

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

1 compensating tax otherwise imposed upon such materials, shall be guilty
2 of a misdemeanor and, upon conviction therefor, shall be subject to the
3 penalties provided for in K.S.A. 79-3615(h), and 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 K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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

1 maintaining, repairing, enlarging, furnishing or remodeling facilities for
2 the operation of services for TLC charities for any such purpose which
3 would be exempt from taxation under the provisions of this section if
4 purchased directly by TLC charities. Nothing in this subsection shall be
5 deemed to exempt the purchase of any construction machinery, equipment
6 or tools used in the constructing, maintaining, repairing, enlarging,
7 furnishing or remodeling such facilities for TLC charities. When TLC
8 charities contracts for the purpose of constructing, maintaining, repairing,
9 enlarging, furnishing or remodeling such facilities, it shall obtain from the
10 state and furnish to the contractor an exemption certificate for the project
11 involved, and the contractor may purchase materials for incorporation in
12 such project. The contractor shall furnish the number of such certificate to
13 all suppliers from whom such purchases are made, and such suppliers shall
14 execute invoices covering the same bearing the number of such certificate.
15 Upon completion of the project the contractor shall furnish to TLC
16 charities 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 incorporated into 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, TLC charities shall be liable for tax on
28 all 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 K.S.A.
36 79-3615(h), and amendments thereto;

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

42 (aaaa) all sales of personal property and services purchased by or on
43 behalf of victory in the valley, inc., which is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
2 for the purpose of providing a cancer support group and services for
3 persons with cancer, and all sales of any such property by or on behalf of
4 any such organization for any such purpose;

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

10 (cccc) all sales of tangible personal property or services purchased by
11 or on behalf of wayside waifs, 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 such organization's annual fundraiser, an
14 event whose purpose is to support the care of homeless and abandoned
15 animals, animal adoption efforts, education programs for children and
16 efforts to reduce animal over-population and animal welfare services, and
17 all sales of any such property, including entry or participation fees or
18 charges, by or on behalf of such organization for such purpose;

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

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

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

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

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

37 (hhhh) all sales of tangible personal property or services purchased
38 on or after July 1, 2014, for the purpose of and in conjunction with
39 constructing, reconstructing, enlarging or remodeling a business identified
40 under the North American industry classification system (NAICS)
41 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
42 installation of machinery and equipment purchased for installation at any
43 such business. The exemption provided in this subsection shall not apply

1 to projects that have actual total costs less than \$50,000. When a person
2 contracts for the construction, reconstruction, enlargement or remodeling
3 of any such business, such person shall obtain from the state and furnish to
4 the contractor an exemption certificate for the project involved, and the
5 contractor may purchase materials, machinery and equipment for
6 incorporation in such project. The contractor shall furnish the number of
7 such certificates to all suppliers from whom such purchases are made, and
8 such suppliers shall execute invoices covering the same bearing the
9 number of such certificate. Upon completion of the project, the contractor
10 shall furnish to the owner of the business a sworn statement, on a form to
11 be provided by the director of taxation, that all purchases so made were
12 entitled to exemption under this subsection. All invoices shall be held by
13 the contractor for a period of five years and shall be subject to audit by the
14 director of taxation. Any contractor or any agent, employee or
15 subcontractor of the contractor, who shall use or otherwise dispose of any
16 materials, machinery or equipment purchased under such a certificate for
17 any purpose other than that for which such a certificate is issued without
18 the payment of the sales or compensating tax otherwise imposed thereon,
19 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
20 subject to the penalties provided for in K.S.A. 79-3615(h), and
21 amendments thereto;

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

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

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

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

29 (llll) all sales of tangible personal property and services purchased by
30 Gove county healthcare endowment foundation, inc., which is exempt
31 from federal income taxation pursuant to section 501(c)(3) of the federal
32 internal revenue code of 1986, and which such property and services are
33 used for the purpose of constructing and equipping an airport in Quinter,
34 Kansas, and all sales of tangible personal property or services purchased
35 by a contractor for the purpose of constructing and equipping an airport in
36 Quinter, Kansas, for such organization, which would be exempt from
37 taxation under the provisions of this section if purchased directly by such
38 organization. Nothing in this subsection shall be deemed to exempt the
39 purchase of any construction machinery, equipment or tools used in the
40 constructing or equipping of facilities for such organization. When such
41 organization shall contract for the purpose of constructing or equipping an
42 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
43 contractor an exemption certificate for the project involved, and the

1 contractor may purchase materials for incorporation in such project. The
2 contractor shall furnish the number of such certificate to all suppliers from
3 whom such purchases are made, and such suppliers shall execute invoices
4 covering the same bearing the number of such certificate. Upon
5 completion of the project, the contractor shall furnish to such organization
6 concerned a sworn statement, on a form to be provided by the director of
7 taxation, that all purchases so made were entitled to exemption under this
8 subsection. All invoices shall be held by the contractor for a period of five
9 years and shall be subject to audit by the director of taxation. If any
10 materials purchased under such a certificate are found not to have been
11 incorporated in such facilities or not to have been returned for credit or the
12 sales or compensating tax otherwise imposed upon such materials which
13 will not be so incorporated in such facilities reported and paid by such
14 contractor to the director of taxation no later than the 20th day of the month
15 following the close of the month in which it shall be determined that such
16 materials will not be used for the purpose for which such certificate was
17 issued, such organization concerned shall be liable for tax on all materials
18 purchased for the project, and upon payment thereof it may recover the
19 same from the contractor together with reasonable attorney fees. Any
20 contractor or any agent, employee or subcontractor thereof, who purchased
21 under such a certificate for any purpose other than that for which such a
22 certificate is issued without the payment of the sales or compensating tax
23 otherwise imposed upon such materials, shall be guilty of a misdemeanor
24 and, upon conviction therefor, shall be subject to the penalties provided for
25 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
26 subsection shall expire and have no effect on and after July 1, 2019.

27 Sec. 4. K.S.A. 2017 Supp. 79-32,160a, 79-32,160g and 79-3606 are
28 hereby repealed.

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