

HOUSE BILL No. 2683

By Committee on Taxation

2-13

1 AN ACT concerning sales taxation; relating to exemptions; sent, inc.;

2 amending K.S.A. 79-3606 and repealing the existing section.

3

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

5 Section 1. K.S.A. 79-3606 is hereby amended to read as follows: 79-

6 3606. The following shall be exempt from the tax imposed by this act:

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

8 or excise tax has been paid, not subject to refund, under the laws of this

9 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-

10 3301, and amendments thereto, including consumable material for such

11 electronic cigarettes, cereal malt beverages and malt products as defined

12 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,

13 malt syrup and malt extract, that is not subject to taxation under the

14 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles

15 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed

16 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and

17 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments

18 thereto, and gross receipts from regulated sports contests taxed pursuant to

19 the Kansas professional regulated sports act, and amendments thereto;

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

21 renting and leasing of tangible personal property, purchased directly by the

22 state of Kansas, a political subdivision thereof, other than a school or

23 educational institution, or purchased by a public or private nonprofit

24 hospital or public hospital authority or nonprofit blood, tissue or organ

25 bank and used exclusively for state, political subdivision, hospital or

26 public hospital authority or nonprofit blood, tissue or organ bank purposes,

27 except when: (1) Such state, hospital or public hospital authority is

28 engaged or proposes to engage in any business specifically taxable under

29 the provisions of this act and such items of tangible personal property or

30 service are used or proposed to be used in such business; or (2) such

31 political subdivision is engaged or proposes to engage in the business of

32 furnishing gas, electricity or heat to others and such items of personal

33 property or service are used or proposed to be used in such business;

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

35 renting and leasing of tangible personal property, purchased directly by a

36 public or private elementary or secondary school or public or private

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

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

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

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

1 the contractor an exemption certificate for the project involved, and the
2 contractor may purchase materials for incorporation in such project. The
3 contractor shall furnish the number of such certificates to all suppliers
4 from whom such purchases are made, and such suppliers shall execute
5 invoices covering the same bearing the number of such certificate. Upon
6 completion of the project the contractor shall furnish to the government of
7 the United States, its agencies or instrumentalities concerned a sworn
8 statement, on a form to be provided by the director of taxation, that all
9 purchases so made were entitled to exemption under this subsection. As an
10 alternative to the foregoing procedure, any such contracting entity may
11 apply to the secretary of revenue for agent status for the sole purpose of
12 issuing and furnishing project exemption certificates to contractors
13 pursuant to rules and regulations adopted by the secretary establishing
14 conditions and standards for the granting and maintaining of such status.
15 All invoices shall be held by the contractor for a period of five years and
16 shall be subject to audit by the director of taxation. Any contractor or any
17 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;

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

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

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

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

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

1 such meals or drinks;

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

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

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

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

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

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

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

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

11 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
12 enteral feeding systems, prosthetic devices and mobility enhancing
13 equipment prescribed in writing by a person licensed to practice the
14 healing arts, dentistry or optometry, and in addition to such sales, all sales
15 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
16 and repair and replacement parts therefor, including batteries, by a person
17 licensed in the practice of dispensing and fitting hearing aids pursuant to
18 the provisions of K.S.A. 74-5808, and amendments thereto. For the
19 purposes of this subsection: (1) "Mobility enhancing equipment" means
20 equipment including repair and replacement parts to same, but does not
21 include durable medical equipment, which is primarily and customarily
22 used to provide or increase the ability to move from one place to another
23 and which is appropriate for use either in a home or a motor vehicle; is not
24 generally used by persons with normal mobility; and does not include any
25 motor vehicle or equipment on a motor vehicle normally provided by a
26 motor vehicle manufacturer; and (2) "prosthetic device" means a
27 replacement, corrective or supportive device including repair and
28 replacement parts for same worn on or in the body to artificially replace a
29 missing portion of the body, prevent or correct physical deformity or
30 malfunction or support a weak or deformed portion of the body;

31 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
32 all sales of tangible personal property or services purchased directly or
33 indirectly by a groundwater management district organized or operating
34 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
35 by a rural water district organized or operating under the authority of
36 K.S.A. 82a-612, and amendments thereto, or by a water supply district
37 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
38 3522 et seq. or 19-3545, and amendments thereto, which property or
39 services are used in the construction activities, operation or maintenance of
40 the district;

41 (t) all sales of farm machinery and equipment or aquaculture
42 machinery and equipment, repair and replacement parts therefor and
43 services performed in the repair and maintenance of such machinery and

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

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

27 (v) all sales of tangible personal property to any contractor for use in
28 preparing meals for delivery to homebound elderly persons over 60 years
29 of age and to homebound disabled persons or to be served at a group-
30 sitting at a location outside of the home to otherwise homebound elderly
31 persons over 60 years of age and to otherwise homebound disabled
32 persons, as all or part of any food service project funded in whole or in
33 part by government or as part of a private nonprofit food service project
34 available to all such elderly or disabled persons residing within an area of
35 service designated by the private nonprofit organization, and all sales of
36 tangible personal property for use in preparing meals for consumption by
37 indigent or homeless individuals whether or not such meals are consumed
38 at a place designated for such purpose, and all sales of food products by or
39 on behalf of any such contractor or organization for any such purpose;

40 (w) all sales of natural gas, electricity, heat and water delivered
41 through mains, lines or pipes: (1) To residential premises for
42 noncommercial use by the occupant of such premises; (2) for agricultural
43 use and also, for such use, all sales of propane gas; (3) for use in the

1 severing of oil; and (4) to any property which is exempt from property
2 taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this
3 paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
4 and amendments thereto. For all sales of natural gas, electricity and heat
5 delivered through mains, lines or pipes pursuant to the provisions of
6 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
7 on December 31, 2005;

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

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

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

18 (aa) all sales of materials and services applied to equipment that is
19 transported into the state from without the state for repair, service,
20 alteration, maintenance, remanufacture or modification and that is
21 subsequently transported outside the state for use in the transmission of
22 liquids or natural gas by means of pipeline in interstate or foreign
23 commerce under authority of the laws of the United States;

24 (bb) all sales of used mobile homes or manufactured homes. As used
25 in this subsection: (1) "Mobile homes" and "manufactured homes" mean
26 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)
27 "sales of used mobile homes or manufactured homes" means sales other
28 than the original retail sale thereof;

29 (cc) all sales of tangible personal property or services purchased prior
30 to January 1, 2012, except as otherwise provided, for the purpose of and in
31 conjunction with constructing, reconstructing, enlarging or remodeling a
32 business or retail business that meets the requirements established in
33 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
34 machinery and equipment purchased for installation at any such business
35 or retail business, and all sales of tangible personal property or services
36 purchased on or after January 1, 2012, for the purpose of and in
37 conjunction with constructing, reconstructing, enlarging or remodeling a
38 business that meets the requirements established in K.S.A. 74-50,115(e),
39 and amendments thereto, and the sale and installation of machinery and
40 equipment purchased for installation at any such business. When a person
41 shall contract for the construction, reconstruction, enlargement or
42 remodeling of any such business or retail business, such person shall
43 obtain from the state and furnish to the contractor an exemption certificate

1 for the project involved, and the contractor may purchase materials,
2 machinery and equipment for incorporation in such project. The contractor
3 shall furnish the number of such certificates to all suppliers from whom
4 such purchases are made, and such suppliers shall execute invoices
5 covering the same bearing the number of such certificate. Upon
6 completion of the project the contractor shall furnish to the owner of the
7 business or retail business a sworn statement, on a form to be provided by
8 the director of taxation, that all purchases so made were entitled to
9 exemption under this subsection. All invoices shall be held by the
10 contractor for a period of five years and shall be subject to audit by the
11 director of taxation. Any contractor or any agent, employee or
12 subcontractor thereof, who shall use or otherwise dispose of any materials,
13 machinery or equipment purchased under such a certificate for any
14 purpose other than that for which such a certificate is issued without the
15 payment of the sales or compensating tax otherwise imposed thereon, shall
16 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
17 to the penalties provided for in K.S.A. 79-3615(h), and amendments
18 thereto. As used in this subsection, "business" and "retail business" mean
19 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
20 exemption certificates that have been previously issued under this
21 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
22 and amendments thereto, but not including K.S.A. 74-50,115(e), and
23 amendments thereto, prior to January 1, 2012, and have not expired will be
24 effective for the term of the project or two years from the effective date of
25 the certificate, whichever occurs earlier. Project exemption certificates that
26 are submitted to the department of revenue prior to January 1, 2012, and
27 are found to qualify will be issued a project exemption certificate that will
28 be effective for a two-year period or for the term of the project, whichever
29 occurs earlier;

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

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

34 (ff) on and after July 1, 1988, all sales of new mobile homes or
35 manufactured homes to the extent of 40% of the gross receipts, determined
36 without regard to any trade-in allowance, received from such sale. As used
37 in this subsection, "mobile homes" and "manufactured homes" mean the
38 same as defined in K.S.A. 58-4202, and amendments thereto;

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

42 (hh) all sales of medical supplies and equipment, including durable
43 medical equipment, purchased directly by a nonprofit skilled nursing home

1 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
2 and amendments thereto, for the purpose of providing medical services to
3 residents thereof. This exemption shall not apply to tangible personal
4 property customarily used for human habitation purposes. As used in this
5 subsection, "durable medical equipment" means equipment including
6 repair and replacement parts for such equipment, that can withstand
7 repeated use, is primarily and customarily used to serve a medical purpose,
8 generally is not useful to a person in the absence of illness or injury and is
9 not worn in or on the body, but does not include mobility enhancing
10 equipment as defined in subsection (r), oxygen delivery equipment, kidney
11 dialysis equipment or enteral feeding systems;

12 (ii) all sales of tangible personal property purchased directly by a
13 nonprofit organization for nonsectarian comprehensive multidiscipline
14 youth development programs and activities provided or sponsored by such
15 organization, and all sales of tangible personal property by or on behalf of
16 any such organization. This exemption shall not apply to tangible personal
17 property customarily used for human habitation purposes;

18 (jj) all sales of tangible personal property or services, including the
19 renting and leasing of tangible personal property, purchased directly on
20 behalf of a community-based facility for people with intellectual disability
21 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
22 amendments thereto, and licensed in accordance with the provisions of
23 K.S.A. 2019 Supp. 39-2001 et seq., and amendments thereto, and all sales
24 of tangible personal property or services purchased by contractors during
25 the time period from July, 2003, through June, 2006, for the purpose of
26 constructing, equipping, maintaining or furnishing a new facility for a
27 community-based facility for people with intellectual disability or mental
28 health center located in Riverton, Cherokee County, Kansas, that would
29 have been eligible for sales tax exemption pursuant to this subsection if
30 purchased directly by such facility or center. This exemption shall not
31 apply to tangible personal property customarily used for human habitation
32 purposes;

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

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

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

40 (2) For purposes of this subsection:

41 (A) "Integrated production operation" means an integrated series of
42 operations engaged in at a manufacturing or processing plant or facility to
43 process, transform or convert tangible personal property by physical,

1 chemical or other means into a different form, composition or character
2 from that in which it originally existed. Integrated production operations
3 shall include: (i) Production line operations, including packaging
4 operations; (ii) preproduction operations to handle, store and treat raw
5 materials; (iii) post production handling, storage, warehousing and
6 distribution operations; and (iv) waste, pollution and environmental
7 control operations, if any;

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

11 (C) "manufacturing or processing plant or facility" means a single,
12 fixed location owned or controlled by a manufacturing or processing
13 business that consists of one or more structures or buildings in a
14 contiguous area where integrated production operations are conducted to
15 manufacture or process tangible personal property to be ultimately sold at
16 retail. Such term shall not include any facility primarily operated for the
17 purpose of conveying or assisting in the conveyance of natural gas,
18 electricity, oil or water. A business may operate one or more manufacturing
19 or processing plants or facilities at different locations to manufacture or
20 process a single product of tangible personal property to be ultimately sold
21 at retail;

22 (D) "manufacturing or processing business" means a business that
23 utilizes an integrated production operation to manufacture, process,
24 fabricate, finish or assemble items for wholesale and retail distribution as
25 part of what is commonly regarded by the general public as an industrial
26 manufacturing or processing operation or an agricultural commodity
27 processing operation. (i) Industrial manufacturing or processing operations
28 include, by way of illustration but not of limitation, the fabrication of
29 automobiles, airplanes, machinery or transportation equipment, the
30 fabrication of metal, plastic, wood or paper products, electricity power
31 generation, water treatment, petroleum refining, chemical production,
32 wholesale bottling, newspaper printing, ready mixed concrete production,
33 and the remanufacturing of used parts for wholesale or retail sale. Such
34 processing operations shall include operations at an oil well, gas well,
35 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
36 sand or gravel that has been extracted from the earth is cleaned, separated,
37 crushed, ground, milled, screened, washed or otherwise treated or prepared
38 before its transmission to a refinery or before any other wholesale or retail
39 distribution. (ii) Agricultural commodity processing operations include, by
40 way of illustration but not of limitation, meat packing, poultry slaughtering
41 and dressing, processing and packaging farm and dairy products in sealed
42 containers for wholesale and retail distribution, feed grinding, grain
43 milling, frozen food processing, and grain handling, cleaning, blending,

1 fumigation, drying and aeration operations engaged in by grain elevators
2 or other grain storage facilities. (iii) Manufacturing or processing
3 businesses do not include, by way of illustration but not of limitation,
4 nonindustrial businesses whose operations are primarily retail and that
5 produce or process tangible personal property as an incidental part of
6 conducting the retail business, such as retailers who bake, cook or prepare
7 food products in the regular course of their retail trade, grocery stores,
8 meat lockers and meat markets that butcher or dress livestock or poultry in
9 the regular course of their retail trade, contractors who alter, service, repair
10 or improve real property, and retail businesses that clean, service or
11 refurbish and repair tangible personal property for its owner;

12 (E) "repair and replacement parts and accessories" means all parts
13 and accessories for exempt machinery and equipment, including, but not
14 limited to, dies, jigs, molds, patterns and safety devices that are attached to
15 exempt machinery or that are otherwise used in production, and parts and
16 accessories that require periodic replacement such as belts, drill bits,
17 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
18 other refractory items for exempt kiln equipment used in production
19 operations;

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

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

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

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

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

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

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

37 (F) to plan, manage, control or record the receipt and flow of
38 inventories of raw materials, consumables and component parts, the flow
39 of the property undergoing manufacturing or processing and the
40 management of inventories of the finished product;

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

1 (H) to package the property being manufactured or processed in a
2 container or wrapping in which such property is normally sold or
3 transported;

4 (I) to transmit or transport electricity, coke, gas, water, steam or
5 similar substances used in production operations from the point of
6 generation, if produced by the manufacturer or processor at the plant site,
7 to that manufacturer's production operation; or, if purchased or delivered
8 from off-site, from the point where the substance enters the site of the
9 plant or facility to that manufacturer's production operations;

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

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

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

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

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

1 completed final site reclamation.

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

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

9 (B) machinery, equipment and tools used primarily in maintaining
10 and repairing any type of machinery and equipment or the building and
11 plant;

12 (C) transportation, transmission and distribution equipment not
13 primarily used in a production, warehousing or material handling
14 operation at the plant or facility, including the means of conveyance of
15 natural gas, electricity, oil or water, and equipment related thereto, located
16 outside the plant or facility;

17 (D) office machines and equipment including computers and related
18 peripheral equipment not used directly and primarily to control or measure
19 the manufacturing process;

20 (E) furniture and other furnishings;

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

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

27 (H) machinery and equipment used for general plant heating, cooling
28 and lighting;

29 (I) motor vehicles that are registered for operation on public
30 highways; or

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

34 (6) Subsections (3) and (5) shall not be construed as exclusive listings
35 of the machinery and equipment that qualify or do not qualify as an
36 integral or essential part of an integrated production operation. When
37 machinery or equipment is used as an integral or essential part of
38 production operations part of the time and for nonproduction purposes at
39 other times, the primary use of the machinery or equipment shall
40 determine whether or not such machinery or equipment qualifies for
41 exemption.

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

1 (ll) all sales of educational materials purchased for distribution to the
2 public at no charge by a nonprofit corporation organized for the purpose of
3 encouraging, fostering and conducting programs for the improvement of
4 public health, except that for taxable years commencing after December
5 31, 2013, this subsection shall not apply to any sales of such materials
6 purchased by a nonprofit corporation which performs any abortion, as
7 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

20 (qq) all sales of tangible personal property and services purchased by
21 a nonprofit museum or historical society or any combination thereof,
22 including a nonprofit organization that is organized for the purpose of
23 stimulating public interest in the exploration of space by providing
24 educational information, exhibits and experiences, that is exempt from
25 federal income taxation pursuant to section 501(c)(3) of the federal
26 internal revenue code of 1986;

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

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

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

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

1 or on behalf of any rural volunteer fire-fighting organization for use
2 exclusively in the performance of its duties and functions;

3 (vv) all sales of tangible personal property purchased by any of the
4 following organizations that are exempt from federal income taxation
5 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
6 for the following purposes, and all sales of any such property by or on
7 behalf of any such organization for any such purpose:

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

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

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

18 (4) the American diabetes association Kansas affiliate, inc. for the
19 purpose of eliminating diabetes through medical research, public education
20 focusing on disease prevention and education, patient education including
21 information on coping with diabetes, and professional education and
22 training;

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

28 (6) the Kansas chapters of the Alzheimer's disease and related
29 disorders association, inc. for the purpose of providing assistance and
30 support to persons in Kansas with Alzheimer's disease, and their families
31 and caregivers;

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

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

38 (9) the heartstrings community foundation for the purpose of
39 providing training, employment and activities for adults with
40 developmental disabilities;

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

- 1 (11) the spina bifida association of Kansas for the purpose of
2 providing financial, educational and practical aid to families and
3 individuals with spina bifida. Such aid includes, but is not limited to,
4 funding for medical devices, counseling and medical educational
5 opportunities;
- 6 (12) the CHWC, Inc., for the purpose of rebuilding urban core
7 neighborhoods through the construction of new homes, acquiring and
8 renovating existing homes and other related activities, and promoting
9 economic development in such neighborhoods;
- 10 (13) the cross-lines cooperative council for the purpose of providing
11 social services to low income individuals and families;
- 12 (14) the dreams work, inc., for the purpose of providing young adult
13 day services to individuals with developmental disabilities and assisting
14 families in avoiding institutional or nursing home care for a
15 developmentally disabled member of their family;
- 16 (15) the KSDS, Inc., for the purpose of promoting the independence
17 and inclusion of people with disabilities as fully participating and
18 contributing members of their communities and society through the
19 training and providing of guide and service dogs to people with
20 disabilities, and providing disability education and awareness to the
21 general public;
- 22 (16) the lyme association of greater Kansas City, Inc., for the purpose
23 of providing support to persons with lyme disease and public education
24 relating to the prevention, treatment and cure of lyme disease;
- 25 (17) the dream factory, inc., for the purpose of granting the dreams of
26 children with critical and chronic illnesses;
- 27 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
28 students and families with education and resources necessary to enable
29 each child to develop fine character and musical ability to the fullest
30 potential;
- 31 (19) the international association of lions clubs for the purpose of
32 creating and fostering a spirit of understanding among all people for
33 humanitarian needs by providing voluntary services through community
34 involvement and international cooperation;
- 35 (20) the Johnson county young matrons, inc., for the purpose of
36 promoting a positive future for members of the community through
37 volunteerism, financial support and education through the efforts of an all
38 volunteer organization;
- 39 (21) the American cancer society, inc., for the purpose of eliminating
40 cancer as a major health problem by preventing cancer, saving lives and
41 diminishing suffering from cancer, through research, education, advocacy
42 and service;
- 43 (22) the community services of Shawnee, inc., for the purpose of

1 providing food and clothing to those in need;

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

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

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

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

1 not be used for the purpose for which such certificate was issued, the
2 nonprofit zoo concerned shall be liable for tax on all materials purchased
3 for the project, and upon payment thereof it may recover the same from
4 the contractor together with reasonable attorney fees. Any contractor or
5 any agent, employee or subcontractor thereof, who shall use or otherwise
6 dispose of any materials purchased under such a certificate for any purpose
7 other than that for which such a certificate is issued without the payment
8 of the sales or compensating tax otherwise imposed upon such materials,
9 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
10 subject to the penalties provided for in K.S.A. 79-3615(h), and
11 amendments thereto;

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

15 (zz) all sales of machinery and equipment purchased by over-the-air,
16 free access radio or television station that is used directly and primarily for
17 the purpose of producing a broadcast signal or is such that the failure of
18 the machinery or equipment to operate would cause broadcasting to cease.
19 For purposes of this subsection, machinery and equipment shall include,
20 but not be limited to, that required by rules and regulations of the federal
21 communications commission, and all sales of electricity which are
22 essential or necessary for the purpose of producing a broadcast signal or is
23 such that the failure of the electricity would cause broadcasting to cease;

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

1 completion of the project the contractor shall furnish to such organization
2 concerned a sworn statement, on a form to be provided by the director of
3 taxation, that all purchases so made were entitled to exemption under this
4 subsection. All invoices shall be held by the contractor for a period of five
5 years and shall be subject to audit by the director of taxation. If any
6 materials purchased under such a certificate are found not to have been
7 incorporated in the building or other project or not to have been returned
8 for credit or the sales or compensating tax otherwise imposed upon such
9 materials that will not be so incorporated in the building or other project
10 reported and paid by such contractor to the director of taxation not later
11 than the 20th day of the month following the close of the month in which it
12 shall be determined that such materials will not be used for the purpose for
13 which such certificate was issued, such organization concerned shall be
14 liable for tax on all materials purchased for the project, and upon payment
15 thereof it may recover the same from the contractor together with
16 reasonable attorney fees. Any contractor or any agent, employee or
17 subcontractor thereof, who shall use or otherwise dispose of any materials
18 purchased under such a certificate for any purpose other than that for
19 which such a certificate is issued without the payment of the sales or
20 compensating tax otherwise imposed upon such materials, shall be guilty
21 of a misdemeanor and, upon conviction therefor, shall be subject to the
22 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
23 Sales tax paid on and after July 1, 1998, but prior to the effective date of
24 this act upon the gross receipts received from any sale exempted by the
25 amendatory provisions of this subsection shall be refunded. Each claim for
26 a sales tax refund shall be verified and submitted to the director of taxation
27 upon forms furnished by the director and shall be accompanied by any
28 additional documentation required by the director. The director shall
29 review each claim and shall refund that amount of sales tax paid as
30 determined under the provisions of this subsection. All refunds shall be
31 paid from the sales tax refund fund upon warrants of the director of
32 accounts and reports pursuant to vouchers approved by the director or the
33 director's designee;

34 (bbb) all sales of food for human consumption by an organization that
35 is exempt from federal income taxation pursuant to section 501(c)(3) of
36 the federal internal revenue code of 1986, pursuant to a food distribution
37 program that offers such food at a price below cost in exchange for the
38 performance of community service by the purchaser thereof;

39 (ccc) on and after July 1, 1999, all sales of tangible personal property
40 and services purchased by a primary care clinic or health center the
41 primary purpose of which is to provide services to medically underserved
42 individuals and families, and that is exempt from federal income taxation
43 pursuant to section 501(c)(3) of the federal internal revenue code, and all

1 sales of tangible personal property or services purchased by a contractor
2 for the purpose of constructing, equipping, reconstructing, maintaining,
3 repairing, enlarging, furnishing or remodeling facilities for any such clinic
4 or center that would be exempt from taxation under the provisions of this
5 section if purchased directly by such clinic or center, except that for
6 taxable years commencing after December 31, 2013, this subsection shall
7 not apply to any sales of such tangible personal property and services
8 purchased by a primary care clinic or health center which performs any
9 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
10 in this subsection shall be deemed to exempt the purchase of any
11 construction machinery, equipment or tools used in the constructing,
12 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
13 remodeling facilities for any such clinic or center. When any such clinic or
14 center shall contract for the purpose of constructing, equipping,
15 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
16 facilities, it shall obtain from the state and furnish to the contractor an
17 exemption certificate for the project involved, and the contractor may
18 purchase materials for incorporation in such project. The contractor shall
19 furnish the number of such certificate to all suppliers from whom such
20 purchases are made, and such suppliers shall execute invoices covering the
21 same bearing the number of such certificate. Upon completion of the
22 project the contractor shall furnish to such clinic or center concerned a
23 sworn statement, on a form to be provided by the director of taxation, that
24 all purchases so made were entitled to exemption under this subsection.
25 All invoices shall be held by the contractor for a period of five years and
26 shall be subject to audit by the director of taxation. If any materials
27 purchased under such a certificate are found not to have been incorporated
28 in the building or other project or not to have been returned for credit or
29 the sales or compensating tax otherwise imposed upon such materials that
30 will not be so incorporated in the building or other project reported and
31 paid by such contractor to the director of taxation not later than the 20th
32 day of the month following the close of the month in which it shall be
33 determined that such materials will not be used for the purpose for which
34 such certificate was issued, such clinic or center concerned shall be liable
35 for tax on all materials purchased for the project, and upon payment
36 thereof it may recover the same from the contractor together with
37 reasonable attorney fees. Any contractor or any agent, employee or
38 subcontractor thereof, who shall use or otherwise dispose of any materials
39 purchased under such a certificate for any purpose other than that for
40 which such a certificate is issued without the payment of the sales or
41 compensating tax otherwise imposed upon such materials, shall be guilty
42 of a misdemeanor and, upon conviction therefor, shall be subject to the
43 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

1 (ddd) on and after January 1, 1999, and before January 1, 2000, all
2 sales of materials and services purchased by any class II or III railroad as
3 classified by the federal surface transportation board for the construction,
4 renovation, repair or replacement of class II or III railroad track and
5 facilities used directly in interstate commerce. In the event any such track
6 or facility for which materials and services were purchased sales tax
7 exempt is not operational for five years succeeding the allowance of such
8 exemption, the total amount of sales tax that would have been payable
9 except for the operation of this subsection shall be recouped in accordance
10 with rules and regulations adopted for such purpose by the secretary of
11 revenue;

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

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

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

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

40 (iii) all sales of personal property and services purchased by an
41 organization that is exempt from federal income taxation pursuant to
42 section 501(c)(3) of the federal internal revenue code of 1986, and such
43 personal property and services are used by any such organization in the

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

1 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
2 July 1, 2005, but prior to the effective date of this act upon the gross
3 receipts received from any sale exempted by the amendatory provisions of
4 this subsection shall be refunded. Each claim for a sales tax refund shall be
5 verified and submitted to the director of taxation upon forms furnished by
6 the director and shall be accompanied by any additional documentation
7 required by the director. The director shall review each claim and shall
8 refund that amount of sales tax paid as determined under the provisions of
9 this subsection. All refunds shall be paid from the sales tax refund fund
10 upon warrants of the director of accounts and reports pursuant to vouchers
11 approved by the director or the director's designee;

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

27 (lll) all sales of tangible personal property and services purchased by
28 special olympics Kansas, inc. for the purpose of providing year-round
29 sports training and athletic competition in a variety of olympic-type sports
30 for individuals with intellectual disabilities by giving them continuing
31 opportunities to develop physical fitness, demonstrate courage, experience
32 joy and participate in a sharing of gifts, skills and friendship with their
33 families, other special olympics athletes and the community, and activities
34 provided or sponsored by such organization, and all sales of tangible
35 personal property by or on behalf of any such organization;

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

42 (nnn) all sales of tangible personal property and services purchased
43 by the west Sedgwick county-sunrise rotary club and sunrise charitable

1 fund for the purpose of constructing a boundless playground which is an
2 integrated, barrier free and developmentally advantageous play
3 environment for children of all abilities and disabilities;

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

8 (ppp) all sales of tangible personal property and services purchased
9 by or on behalf of a homeless shelter that is exempt from federal income
10 taxation pursuant to section 501(c)(3) of the federal income tax code of
11 1986, and used by any such homeless shelter to provide emergency and
12 transitional housing for individuals and families experiencing
13 homelessness, and all sales of any such property by or on behalf of any
14 such homeless shelter for any such purpose;

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

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

17 (rrr) all sales of tangible personal property and services purchased by
18 any county law library maintained pursuant to law and sales of tangible
19 personal property and services purchased by an organization that would
20 have been exempt from taxation under the provisions of this subsection if
21 purchased directly by the county law library for the purpose of providing
22 legal resources to attorneys, judges, students and the general public, and
23 all sales of any such property by or on behalf of any such county law
24 library;

25 (sss) all sales of tangible personal property and services purchased by
26 catholic charities or youthville, hereinafter referred to as charitable family
27 providers, which is exempt from federal income taxation pursuant to
28 section 501(c)(3) of the federal internal revenue code of 1986, and which
29 such property and services are used for the purpose of providing
30 emergency shelter and treatment for abused and neglected children as well
31 as meeting additional critical needs for children, juveniles and family, and
32 all sales of any such property by or on behalf of charitable family
33 providers for any such purpose; and all sales of tangible personal property
34 or services purchased by a contractor for the purpose of constructing,
35 maintaining, repairing, enlarging, furnishing or remodeling facilities for
36 the operation of services for charitable family providers for any such
37 purpose which would be exempt from taxation under the provisions of this
38 section if purchased directly by charitable family providers. Nothing in
39 this subsection shall be deemed to exempt the purchase of any construction
40 machinery, equipment or tools used in the constructing, maintaining,
41 repairing, enlarging, furnishing or remodeling such facilities for charitable
42 family providers. When charitable family providers contracts for the
43 purpose of constructing, maintaining, repairing, enlarging, furnishing or

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

29 (ttt) all sales of tangible personal property or services purchased by a
30 contractor for a project for the purpose of restoring, constructing,
31 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
32 remodeling a home or facility owned by a nonprofit museum that has been
33 granted an exemption pursuant to subsection (qq), which such home or
34 facility is located in a city that has been designated as a qualified
35 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
36 amendments thereto, and which such project is related to the purposes of
37 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
38 exempt from taxation under the provisions of this section if purchased
39 directly by such nonprofit museum. Nothing in this subsection shall be
40 deemed to exempt the purchase of any construction machinery, equipment
41 or tools used in the restoring, constructing, equipping, reconstructing,
42 maintaining, repairing, enlarging, furnishing or remodeling a home or
43 facility for any such nonprofit museum. When any such nonprofit museum

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

31 (uuu) all sales of tangible personal property and services purchased
32 by Kansas children's service league, hereinafter referred to as KCSL,
33 which is exempt from federal income taxation pursuant to section 501(c)
34 (3) of the federal internal revenue code of 1986, and which such property
35 and services are used for the purpose of providing for the prevention and
36 treatment of child abuse and maltreatment as well as meeting additional
37 critical needs for children, juveniles and family, and all sales of any such
38 property by or on behalf of KCSL for any such purpose; and all sales of
39 tangible personal property or services purchased by a contractor for the
40 purpose of constructing, maintaining, repairing, enlarging, furnishing or
41 remodeling facilities for the operation of services for KCSL for any such
42 purpose that would be exempt from taxation under the provisions of this
43 section if purchased directly by KCSL. Nothing in this subsection shall be

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

33 (vvv) all sales of tangible personal property or services, including the
34 renting and leasing of tangible personal property or services, purchased by
35 jazz in the woods, inc., a Kansas corporation that is exempt from federal
36 income taxation pursuant to section 501(c)(3) of the federal internal
37 revenue code, for the purpose of providing jazz in the woods, an event
38 benefiting children-in-need and other nonprofit charities assisting such
39 children, and all sales of any such property by or on behalf of such
40 organization for such purpose;

41 (www) all sales of tangible personal property purchased by or on
42 behalf of the Frontenac education foundation, which is exempt from
43 federal income taxation pursuant to section 501(c)(3) of the federal

1 internal revenue code, for the purpose of providing education support for
2 students, and all sales of any such property by or on behalf of such
3 organization for such purpose;

4 (xxx) all sales of personal property and services purchased by the
5 booth theatre foundation, inc., an organization, which is exempt from
6 federal income taxation pursuant to section 501(c)(3) of the federal
7 internal revenue code of 1986, and which such personal property and
8 services are used by any such organization in the constructing, equipping,
9 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
10 of the booth theatre, and all sales of tangible personal property or services
11 purchased by a contractor for the purpose of constructing, equipping,
12 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
13 the booth theatre for such organization, that would be exempt from
14 taxation under the provisions of this section if purchased directly by such
15 organization. Nothing in this subsection shall be deemed to exempt the
16 purchase of any construction machinery, equipment or tools used in the
17 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
18 furnishing or remodeling facilities for any such organization. When any
19 such organization shall contract for the purpose of constructing, equipping,
20 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
21 facilities, it shall obtain from the state and furnish to the contractor an
22 exemption certificate for the project involved, and the contractor may
23 purchase materials for incorporation in such project. The contractor shall
24 furnish the number of such certificate to all suppliers from whom such
25 purchases are made, and such suppliers shall execute invoices covering the
26 same bearing the number of such certificate. Upon completion of the
27 project the contractor shall furnish to such organization concerned a sworn
28 statement, on a form to be provided by the director of taxation, that all
29 purchases so made were entitled to exemption under this subsection. All
30 invoices shall be held by the contractor for a period of five years and shall
31 be 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 such
33 facilities or not to have been returned for credit or the sales or
34 compensating tax otherwise imposed upon such materials that will not be
35 so incorporated in such facilities reported and paid by such contractor to
36 the director of taxation not later than the 20th day of the month following
37 the close of the month in which it shall be determined that such materials
38 will not be used for the purpose for which such certificate was issued, such
39 organization concerned shall be liable for tax on all materials purchased
40 for the project, and upon payment thereof it may recover the same from
41 the contractor together with reasonable attorney fees. Any contractor or
42 any agent, employee or subcontractor thereof, who shall use or otherwise
43 dispose of any materials purchased under such a certificate for any purpose

1 other than that for which such a certificate is issued without the payment
2 of the sales or compensating tax otherwise imposed upon such materials,
3 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
4 subject to the penalties provided for in K.S.A. 79-3615(h), and
5 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
6 to the effective date of this act upon the gross receipts received from any
7 sale which would have been exempted by the provisions of this subsection
8 had such sale occurred after the effective date of this act shall be refunded.
9 Each claim for a sales tax refund shall be verified and submitted to the
10 director of taxation upon forms furnished by the director and shall be
11 accompanied by any additional documentation required by the director.
12 The director shall review each claim and shall refund that amount of sales
13 tax paid as determined under the provisions of this subsection. All refunds
14 shall be paid from the sales tax refund fund upon warrants of the director
15 of accounts and reports pursuant to vouchers approved by the director or
16 the director's designee;

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

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

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

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

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

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

1 (dddd) all sales of tangible personal property or services purchased
2 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
3 of which are exempt from federal income taxation pursuant to section
4 501(c)(3) of the federal internal revenue code, for the purpose of providing
5 education, training and employment opportunities for people with
6 disabilities and other barriers to employment;

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

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

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

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

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

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

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

42 (jjjj) all sales of tangible personal property or services purchased by
43 or on behalf of the beacon, inc., that 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 those desiring help with food, shelter, clothing
3 and other necessities of life during times of special need;

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

11 (llll) all sales of tangible personal property and services purchased by
12 Gove county healthcare endowment foundation, inc., which is exempt
13 from federal income taxation pursuant to section 501(c)(3) of the federal
14 internal revenue code of 1986, and which such property and services are
15 used for the purpose of constructing and equipping an airport in Quinter,
16 Kansas, and all sales of tangible personal property or services purchased
17 by a contractor for the purpose of constructing and equipping an airport in
18 Quinter, Kansas, for such organization, that would be exempt from
19 taxation under the provisions of this section if purchased directly by such
20 organization. Nothing in this subsection shall be deemed to exempt the
21 purchase of any construction machinery, equipment or tools used in the
22 constructing or equipping of facilities for such organization. When such
23 organization shall contract for the purpose of constructing or equipping an
24 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
25 contractor an exemption certificate for the project involved, and the
26 contractor may purchase materials for incorporation in such project. The
27 contractor shall furnish the number of such certificate to all suppliers from
28 whom such purchases are made, and such suppliers shall execute invoices
29 covering the same bearing the number of such certificate. Upon
30 completion of the project, the contractor shall furnish to such organization
31 concerned a sworn statement, on a form to be provided by the director of
32 taxation, that all purchases so made were entitled to exemption under this
33 subsection. All invoices shall be held by the contractor for a period of five
34 years and shall be subject to audit by the director of taxation. If any
35 materials purchased under such a certificate are found not to have been
36 incorporated in such facilities or not to have been returned for credit or the
37 sales or compensating tax otherwise imposed upon such materials that will
38 not be so incorporated in such facilities reported and paid by such
39 contractor to the director of taxation no later than the 20th day of the month
40 following the close of the month in which it shall be determined that such
41 materials will not be used for the purpose for which such certificate was
42 issued, such organization concerned shall be liable for tax on all materials
43 purchased for the project, and upon payment thereof it may recover the

1 same from the contractor together with reasonable attorney fees. Any
2 contractor or any agent, employee or subcontractor thereof, who purchased
3 under such a certificate for any purpose other than that for which such a
4 certificate is issued without the payment of the sales or compensating tax
5 otherwise imposed upon such materials, shall be guilty of a misdemeanor
6 and, upon conviction therefor, shall be subject to the penalties provided for
7 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
8 subsection shall expire and have no effect on and after July 1, 2019; ~~and~~

9 (mmmm) all sales of gold or silver coins; and palladium, platinum,
10 gold or silver bullion. For the purposes of this subsection, "bullion" means
11 bars, ingots or commemorative medallions of gold, silver, platinum,
12 palladium, or a combination thereof, for which the value of the metal
13 depends on its content and not the form; *and*

14 (nnnn) *all sales of tangible personal property and services purchased*
15 *by sent, inc., a nonprofit organization that is exempt from federal income*
16 *taxation pursuant to section 501(c)(3) of the federal internal revenue code,*
17 *for the purpose of home construction and rehabilitation in low income*
18 *neighborhoods, supportive education services for low income youth and*
19 *community health and wellness activities in low income neighborhoods,*
20 *and all sales of tangible personal property or services purchased by a*
21 *contractor for the purpose of constructing, equipping, reconstructing,*
22 *maintaining, repairing, enlarging, furnishing or remodeling homes and*
23 *facilities for sent, inc. that would be exempt from taxation under the*
24 *provisions of this section if purchased directly by sent, inc. Nothing in this*
25 *subsection shall be deemed to exempt the purchase of any construction*
26 *machinery, equipment or tools used in the constructing, equipping,*
27 *reconstructing, maintaining, repairing, enlarging, furnishing or*
28 *remodeling such homes and facilities for sent, inc. When sent, inc.*
29 *contracts for the purpose of constructing, equipping, reconstructing,*
30 *maintaining, repairing, enlarging, furnishing or remodeling such homes*
31 *and facilities, it shall obtain from the state and furnish to the contractor*
32 *an exemption certificate for the project involved, and the contractor may*
33 *purchase materials for incorporation in such project. The contractor shall*
34 *furnish the number of such certificate to all suppliers from whom such*
35 *purchases are made, and such suppliers shall execute invoices covering*
36 *the same bearing the number of such certificate. Upon completion of the*
37 *project, the contractor shall furnish to sent, inc., a sworn statement, on a*
38 *form to be provided by the director of taxation, that all purchases so made*
39 *were entitled to exemption under this subsection. All invoices shall be held*
40 *by the contractor for a period of five years and shall be subject to audit by*
41 *the director of taxation. If any materials purchased under such a*
42 *certificate are found not to have been incorporated in the building or*
43 *other project or not to have been returned for credit or the sales or*

1 *compensating tax otherwise imposed upon such materials that will not be*
2 *so incorporated in the building or other project reported and paid by such*
3 *contractor to the director of taxation not later than the 20th day of the*
4 *month following the close of the month in which it shall be determined that*
5 *such materials will not be used for the purpose for which such certificate*
6 *was issued, sent, inc. shall be liable for tax on all materials purchased for*
7 *the project, and upon payment thereof, it may recover the same from the*
8 *contractor together with reasonable attorney fees. Any contractor or any*
9 *agent, employee or subcontractor thereof, who shall use or otherwise*
10 *dispose of any materials purchased under such a certificate for any*
11 *purpose other than that for which such a certificate is issued without the*
12 *payment of the sales or compensating tax otherwise imposed upon such*
13 *materials, shall be guilty of a misdemeanor and, upon conviction therefor,*
14 *shall be subject to the penalties provided for in K.S.A. 79-3615(h), and*
15 *amendments thereto. Sales tax paid on and after July 1, 2019, but prior to*
16 *the effective date of this act upon the gross receipts received from any sale*
17 *exempted by the amendatory provisions of this subsection shall be*
18 *refunded. Each claim for a sales tax refund shall be verified and submitted*
19 *to the director of taxation upon forms furnished by the director and shall*
20 *be accompanied by any additional documentation required by the director.*
21 *The director shall review each claim and shall refund that amount of sales*
22 *tax paid as determined under the provisions of this subsection. All refunds*
23 *shall be paid from the sales tax refund fund upon warrants of the director*
24 *of accounts and reports pursuant to vouchers approved by the director or*
25 *the director's designee. The provisions of this subsection shall expire and*
26 *have no force and effect on and after July 1, 2024.*

27 Sec. 2. K.S.A. 79-3606 is hereby repealed.

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