

As Amended by House Committee

Session of 2021

HOUSE BILL No. 2104

By Committee on Taxation

1-21

1 AN ACT concerning sales taxation; relating to exemptions; modifying the
2 exemption for construction materials for educational institutions;
3 amending K.S.A. 79-3606 and repealing the existing section.
4

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

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

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

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

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

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

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

1 certificate for the project involved, and the contractor may purchase
2 materials for incorporation in such project. The contractor shall furnish the
3 number of such certificate to all suppliers from whom such purchases are
4 made, and such suppliers shall execute invoices covering the same bearing
5 the number of such certificate. Upon completion of the project the
6 contractor shall furnish to the political subdivision, district described in
7 subsection (s), hospital or public hospital authority, school, educational
8 institution or department of corrections concerned a sworn statement, on a
9 form to be provided by the director of taxation, that all purchases so made
10 were entitled to exemption under this subsection. As an alternative to the
11 foregoing procedure, any such contracting entity may apply to the
12 secretary of revenue for agent status for the sole purpose of issuing and
13 furnishing project exemption certificates to contractors pursuant to rules
14 and regulations adopted by the secretary establishing conditions and
15 standards for the granting and maintaining of such status. All invoices
16 shall be held by the contractor for a period of five years and shall be
17 subject to audit by the director of taxation. If any materials purchased
18 under such a certificate are found not to have been incorporated in the
19 building or other project or not to have been returned for credit or the sales
20 or compensating tax otherwise imposed upon such materials that will not
21 be so incorporated in the building or other project reported and paid by
22 such contractor to the director of taxation not later than the 20th day of the
23 month following the close of the month in which it shall be determined
24 that such materials will not be used for the purpose for which such
25 certificate was issued, the political subdivision, district described in
26 subsection (s), hospital or public hospital authority, school, educational
27 institution or the contractor contracting with the department of corrections
28 for a correctional institution concerned shall be liable for tax on all
29 materials purchased for the project, and upon payment thereof it may
30 recover the same from the contractor together with reasonable attorney
31 fees. Any contractor or any agent, employee or subcontractor thereof, who
32 shall use or otherwise dispose of any materials purchased under such a
33 certificate for any purpose other than that for which such a certificate is
34 issued without the payment of the sales or compensating tax otherwise
35 imposed upon such materials, shall be guilty of a misdemeanor and, upon
36 conviction therefor, shall be subject to the penalties provided for in K.S.A.
37 79-3615(h), and amendments thereto;

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

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

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

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

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

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

42 (j) meals served without charge or food used in the preparation of
43 such meals to employees of any restaurant, eating house, dining car, hotel,

1 drugstore or other place where meals or drinks are regularly sold to the
2 public if such employees' duties are related to the furnishing or sale of
3 such meals or drinks;

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

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

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

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

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

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

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

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

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

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

43 (t) all sales of farm machinery and equipment or aquaculture

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

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

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

42 (w) all sales of natural gas, electricity, heat and water delivered
43 through mains, lines or pipes: (1) To residential premises for

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (jj) all sales of tangible personal property or services, including the
21 renting and leasing of tangible personal property, purchased directly on
22 behalf of a community-based facility for people with intellectual disability
23 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
24 amendments thereto, and licensed in accordance with the provisions of
25 K.S.A. 2020 Supp. 39-2001 et seq., and amendments thereto, and all sales
26 of tangible personal property or services purchased by contractors during
27 the time period from July, 2003, through June, 2006, for the purpose of
28 constructing, equipping, maintaining or furnishing a new facility for a
29 community-based facility for people with intellectual disability or mental
30 health center located in Riverton, Cherokee County, Kansas, that would
31 have been eligible for sales tax exemption pursuant to this subsection if
32 purchased directly by such facility or center. This exemption shall not
33 apply to tangible personal property customarily used for human habitation
34 purposes;

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

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

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

42 (2) For purposes of this subsection:

43 (A) "Integrated production operation" means an integrated series of

1 operations engaged in at a manufacturing or processing plant or facility to
2 process, transform or convert tangible personal property by physical,
3 chemical or other means into a different form, composition or character
4 from that in which it originally existed. Integrated production operations
5 shall include: (i) Production line operations, including packaging
6 operations; (ii) preproduction operations to handle, store and treat raw
7 materials; (iii) post production handling, storage, warehousing and
8 distribution operations; and (iv) waste, pollution and environmental
9 control operations, if any;

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (G) to produce energy for, lubricate, control the operating of or

1 otherwise enable the functioning of other production machinery and
2 equipment and the continuation of production operations;

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

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

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

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

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

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

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

1 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
2 from the time a reclamation plan is filed to the acceptance of the
3 completed final site reclamation.

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

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

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

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

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

22 (E) furniture and other furnishings;

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

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

29 (H) machinery and equipment used for general plant heating, cooling
30 and lighting;

31 (I) motor vehicles that are registered for operation on public
32 highways; or

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

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

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

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

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

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

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

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

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

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

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

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

1 Korean War memorial;

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

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

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

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

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

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

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

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

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

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

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

43 (10) the cystic fibrosis foundation, heart of America chapter, for the

1 purposes of assuring the development of the means to cure and control
2 cystic fibrosis and improving the quality of life for those with the disease;

3 (11) the spina bifida association of Kansas for the purpose of
4 providing financial, educational and practical aid to families and
5 individuals with spina bifida. Such aid includes, but is not limited to,
6 funding for medical devices, counseling and medical educational
7 opportunities;

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

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

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

18 (15) the KSDS, Inc., for the purpose of promoting the independence
19 and inclusion of people with disabilities as fully participating and
20 contributing members of their communities and society through the
21 training and providing of guide and service dogs to people with
22 disabilities, and providing disability education and awareness to the
23 general public;

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

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

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

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

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

41 (21) the American cancer society, inc., for the purpose of eliminating
42 cancer as a major health problem by preventing cancer, saving lives and
43 diminishing suffering from cancer, through research, education, advocacy

1 and service;

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

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

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

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

12 (xx) all sales of tangible personal property and services purchased by
13 a nonprofit zoo that is exempt from federal income taxation pursuant to
14 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
15 of such zoo by an entity itself exempt from federal income taxation
16 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
17 contracted with to operate such zoo and all sales of tangible personal
18 property or services purchased by a contractor for the purpose of
19 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
20 furnishing or remodeling facilities for any nonprofit zoo that would be
21 exempt from taxation under the provisions of this section if purchased
22 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
23 this subsection shall be deemed to exempt the purchase of any construction
24 machinery, equipment or tools used in the constructing, equipping,
25 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
26 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
27 the purpose of constructing, equipping, reconstructing, maintaining,
28 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
29 from the state and furnish to the contractor an exemption certificate for the
30 project involved, and the contractor may purchase materials for
31 incorporation in such project. The contractor shall furnish the number of
32 such certificate 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 nonprofit zoo concerned a sworn statement, on a form
36 to 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. If any materials purchased under such a certificate are
40 found not to have been incorporated in the building or other project or not
41 to have been returned for credit or the sales or compensating tax otherwise
42 imposed upon such materials that will not be so incorporated in the
43 building or other project reported and paid by such contractor to the

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

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

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

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

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

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

41 (ccc) on and after July 1, 1999, all sales of tangible personal property
42 and services purchased by a primary care clinic or health center the
43 primary purpose of which is to provide services to medically underserved

1 individuals and families, and that is exempt from federal income taxation
2 pursuant to section 501(c)(3) of the federal internal revenue code, and all
3 sales of tangible personal property or services purchased by a contractor
4 for the purpose of constructing, equipping, reconstructing, maintaining,
5 repairing, enlarging, furnishing or remodeling facilities for any such clinic
6 or center that would be exempt from taxation under the provisions of this
7 section if purchased directly by such clinic or center, except that for
8 taxable years commencing after December 31, 2013, this subsection shall
9 not apply to any sales of such tangible personal property and services
10 purchased by a primary care clinic or health center which performs any
11 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
12 in this subsection shall be deemed to exempt the purchase of any
13 construction machinery, equipment or tools used in the constructing,
14 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
15 remodeling facilities for any such clinic or center. When any such clinic or
16 center shall contract for the purpose of constructing, equipping,
17 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
18 facilities, it shall obtain from the state and furnish to the contractor an
19 exemption certificate for the project involved, and the contractor may
20 purchase materials for incorporation in such project. The contractor shall
21 furnish the number of such certificate to all suppliers from whom such
22 purchases are made, and such suppliers shall execute invoices covering the
23 same bearing the number of such certificate. Upon completion of the
24 project the contractor shall furnish to such clinic or center concerned a
25 sworn statement, on a form to be provided by the director of taxation, that
26 all purchases so made were entitled to exemption under this subsection.
27 All invoices shall be held by the contractor for a period of five years and
28 shall be subject to audit by the director of taxation. If any materials
29 purchased under such a certificate are found not to have been incorporated
30 in the building or other project or not to have been returned for credit or
31 the sales or compensating tax otherwise imposed upon such materials that
32 will not be so incorporated in the building or other project reported and
33 paid by such contractor to the director of taxation not later than the 20th
34 day of the month following the close of the month in which it shall be
35 determined that such materials will not be used for the purpose for which
36 such certificate was issued, such clinic or center concerned shall be liable
37 for tax on all materials purchased for the project, and upon payment
38 thereof it may recover the same from the contractor together with
39 reasonable attorney fees. Any contractor or any agent, employee or
40 subcontractor thereof, who shall use or otherwise dispose of any materials
41 purchased under such a certificate for any purpose other than that for
42 which such a certificate is issued without the payment of the sales or
43 compensating tax otherwise imposed upon such materials, shall be guilty

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

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

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

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

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

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

42 (iii) all sales of personal property and services purchased by an
43 organization that is exempt from federal income taxation pursuant to

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

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

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

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

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

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

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

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

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

1 be subject to audit by the director of taxation. If any materials purchased
2 under such a certificate are found not to have been incorporated in the
3 building or other project or not to have been returned for credit or the sales
4 or compensating tax otherwise imposed upon such materials that will not
5 be so incorporated in the building or other project reported and paid by
6 such contractor to the director of taxation not later than the 20th day of the
7 month following the close of the month in which it shall be determined
8 that such materials will not be used for the purpose for which such
9 certificate was issued, TLC shall be liable for tax on all materials
10 purchased for the project, and upon payment thereof it may recover the
11 same from the contractor together with reasonable attorney fees. Any
12 contractor or any agent, employee or subcontractor thereof, who shall use
13 or otherwise dispose of any materials purchased under such a certificate
14 for any purpose other than that for which such a certificate is issued
15 without the payment of the sales or compensating tax otherwise imposed
16 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 (rrr) all sales of tangible personal property and services purchased by
20 any county law library maintained pursuant to law and sales of tangible
21 personal property and services purchased by an organization that would
22 have been exempt from taxation under the provisions of this subsection if
23 purchased directly by the county law library for the purpose of providing
24 legal resources to attorneys, judges, students and the general public, and
25 all sales of any such property by or on behalf of any such county law
26 library;

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

1 family providers. When charitable family providers contracts for the
2 purpose of constructing, maintaining, repairing, enlarging, furnishing or
3 remodeling such facilities, 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 certificate to all suppliers from
7 whom such purchases are made, and such suppliers shall execute invoices
8 covering the same bearing the number of such certificate. Upon
9 completion of the project the contractor shall furnish to charitable family
10 providers 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 the building or other project
18 reported and paid by such contractor to the director of taxation not later
19 than the 20th day of the month following the close of the month in which it
20 shall be determined that such materials will not be used for the purpose for
21 which such certificate was issued, charitable family providers shall be
22 liable for tax on all materials purchased for the project, and upon payment
23 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 (ttt) all sales of tangible personal property or services purchased by a
32 contractor for a project for the purpose of restoring, constructing,
33 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
34 remodeling a home or facility owned by a nonprofit museum that has been
35 granted an exemption pursuant to subsection (qq), which such home or
36 facility is located in a city that has been designated as a qualified
37 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
38 amendments thereto, and which such project is related to the purposes of
39 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
40 exempt from taxation under the provisions of this section if purchased
41 directly by such nonprofit museum. Nothing in this subsection shall be
42 deemed to exempt the purchase of any construction machinery, equipment
43 or tools used in the restoring, constructing, equipping, reconstructing,

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

33 (uuu) all sales of tangible personal property and services purchased
34 by Kansas children's service league, hereinafter referred to as KCSL,
35 which is exempt from federal income taxation pursuant to section 501(c)
36 (3) of the federal internal revenue code of 1986, and which such property
37 and services are used for the purpose of providing for the prevention and
38 treatment of child abuse and maltreatment as well as meeting additional
39 critical needs for children, juveniles and family, and all sales of any such
40 property by or on behalf of KCSL for any such purpose; and all sales of
41 tangible personal property or services purchased by a contractor for the
42 purpose of constructing, maintaining, repairing, enlarging, furnishing or
43 remodeling facilities for the operation of services for KCSL for any such

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

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

43 (www) all sales of tangible personal property purchased by or on

1 behalf of the Frontenac education foundation, which is exempt from
2 federal income taxation pursuant to section 501(c)(3) of the federal
3 internal revenue code, for the purpose of providing education support for
4 students, and all sales of any such property by or on behalf of such
5 organization for such purpose;

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

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

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

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

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

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

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

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

1 all sales of any such property, including entry or participation fees or
2 charges, by or on behalf of such organization for such purpose;

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

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

16 (ffff) all sales of tangible personal property and services purchased by
17 sheltered living, inc., which is exempt from federal income taxation
18 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
19 and which such property and services are used for the purpose of
20 providing residential and day services for people with developmental
21 disabilities or intellectual disability, or both, and all sales of any such
22 property by or on behalf of sheltered living, inc., for any such purpose; and
23 all sales of tangible personal property or services purchased by a
24 contractor for the purpose of rehabilitating, constructing, maintaining,
25 repairing, enlarging, furnishing or remodeling homes and facilities for
26 sheltered living, inc., for any such purpose that would be exempt from
27 taxation under the provisions of this section if purchased directly by
28 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
29 the purchase of any construction machinery, equipment or tools used in the
30 constructing, maintaining, repairing, enlarging, furnishing or remodeling
31 such homes and facilities for sheltered living, inc. When sheltered living,
32 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
33 repairing, enlarging, furnishing or remodeling such homes and facilities, it
34 shall obtain from the state and furnish to the contractor an exemption
35 certificate for the project involved, and the contractor may purchase
36 materials for incorporation in such project. The contractor shall furnish the
37 number of such certificate to all suppliers from whom such purchases are
38 made, and such suppliers shall execute invoices covering the same bearing
39 the number of such certificate. Upon completion of the project the
40 contractor shall furnish to sheltered living, inc., a sworn statement, on a
41 form to be provided by the director of taxation, that all purchases so made
42 were entitled to exemption under this subsection. All invoices shall be held
43 by the contractor for a period of five years and shall be subject to audit by

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

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

21 (hhhh) all sales of tangible personal property or services purchased
22 on or after July 1, 2014, for the purpose of and in conjunction with
23 constructing, reconstructing, enlarging or remodeling a business identified
24 under the North American industry classification system (NAICS)
25 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
26 installation of machinery and equipment purchased for installation at any
27 such business. The exemption provided in this subsection shall not apply
28 to projects that have actual total costs less than \$50,000. When a person
29 contracts for the construction, reconstruction, enlargement or remodeling
30 of any such business, such person shall obtain from the state and furnish to
31 the contractor an exemption certificate for the project involved, and the
32 contractor may purchase materials, machinery and equipment for
33 incorporation in such project. The contractor shall furnish the number of
34 such certificates to all suppliers from whom such purchases are made, and
35 such suppliers shall execute invoices covering the same bearing the
36 number of such certificate. Upon completion of the project, the contractor
37 shall furnish to the owner of the business a sworn statement, on a form to
38 be provided by the director of taxation, that all purchases so made were
39 entitled to exemption under this subsection. All invoices shall be held by
40 the contractor for a period of five years and shall be subject to audit by the
41 director of taxation. Any contractor or any agent, employee or
42 subcontractor of the contractor, who shall use or otherwise dispose of any
43 materials, machinery or equipment purchased under such a certificate for

1 any purpose other than that for which such a certificate is issued without
2 the payment of the sales or compensating tax otherwise imposed thereon,
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;

6 (iiii) all sales of tangible personal property or services purchased by a
7 contractor for the purpose of constructing, maintaining, repairing,
8 enlarging, furnishing or remodeling facilities for the operation of services
9 for Wichita children's home for any such purpose that would be exempt
10 from taxation under the provisions of this section if purchased directly by
11 Wichita children's home. Nothing in this subsection shall be deemed to
12 exempt the purchase of any construction machinery, equipment or tools
13 used in the constructing, maintaining, repairing, enlarging, furnishing or
14 remodeling such facilities for Wichita children's home. When Wichita
15 children's home contracts for the purpose of constructing, maintaining,
16 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
17 from the state and furnish to the contractor an exemption certificate for the
18 project involved, and the contractor may purchase materials for
19 incorporation in such project. The contractor shall furnish the number of
20 such certificate to all suppliers from whom such purchases are made, and
21 such suppliers shall execute invoices covering the same bearing the
22 number of such certificate. Upon completion of the project, the contractor
23 shall furnish to Wichita children's home a sworn statement, on a form to be
24 provided by the director of taxation, that all purchases so made were
25 entitled to exemption under this subsection. All invoices shall be held by
26 the contractor for a period of five years and shall be subject to audit by the
27 director of taxation. If any materials purchased under such a certificate are
28 found not to have been incorporated in the building or other project or not
29 to have been returned for credit or the sales or compensating tax otherwise
30 imposed upon such materials that will not be so incorporated in the
31 building or other project reported and paid by such contractor to the
32 director of taxation not later than the 20th day of the month following the
33 close of the month in which it shall be determined that such materials will
34 not be used for the purpose for which such certificate was issued, Wichita
35 children's home shall be liable for the tax on all materials purchased for the
36 project, and upon payment, it may recover the same from the contractor
37 together with reasonable attorney fees. Any contractor or any agent,
38 employee or subcontractor, who shall use or otherwise dispose of any
39 materials purchased under such a certificate for any purpose other than that
40 for 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, shall be subject to the penalties
43 provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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