

HOUSE BILL No. 2497

By Committee on Commerce, Labor and Economic Development

1-19

1 AN ACT concerning economic development; enacting the attracting
2 powerful economic expansion act; relating to tax and other incentives
3 for projects in specified industries or for a national corporate
4 headquarters with specified capital investment requirements of at least
5 \$1,000,000,000; providing for a refundable income, privilege and
6 premium tax credit for a portion of such investment; reimbursement of
7 certain payroll costs and training and education costs; retention of
8 certain payroll withholding taxes; sales tax exemption for project
9 construction and a property tax incentive for certain projects located in
10 a foreign trade zone; establishing the attracting powerful economic
11 expansion payroll incentive fund and the attracting powerful economic
12 expansion new employee training and education fund; amending
13 K.S.A. 2021 Supp. 79-3606 and repealing the existing section.
14

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

16 New Section 1. (a) This act shall be known and may be cited as the
17 attracting powerful economic expansion act.

18 (b) For purposes of the attracting powerful economic expansion act:

19 (1) "Act" means the attracting powerful economic expansion act,
20 sections 1 through 11, and amendments thereto.

21 (2) "Applicant" means a legal entity seeking to certify as a qualified
22 firm for the economic development benefits pursuant to this act.

23 (3) "Commence investment" means to begin to invest, with action
24 being directly connected to documentation describing the project
25 previously submitted to the department.

26 (4) "Commencement of commercial operations" means the date, as
27 determined by the secretary, that the qualified business facility is first
28 available for use by the qualified firm, or first capable of being used by the
29 qualified firm, in the revenue producing enterprise in which the qualified
30 firm intends to use the qualified business facility.

31 (5) "Commitment to invest" means one or both of the following:

32 (A) The qualified firm relocates assets that it already owns to Kansas
33 from an out-of-state location; or

34 (B) the qualified firm enters into a written agreement that provides
35 either party with legally enforceable remedies if the agreement is
36 breached.

1 (6) "Department" means the Kansas department of commerce.

2 (7) "Headquarters" means a qualified business facility that meets the
3 following conditions:

4 (A) The main activity at the qualified business facility is providing
5 direction, management, or administrative support for the operation of
6 multiple company-owned worksites or facilities in which the applicant
7 company has an ownership interest greater than 50%; and

8 (B) the qualified business facility is capable of being geographically
9 located anywhere.

10 (8) "New employee" means a qualified business facility employee
11 who is newly employed by the qualified firm or qualified supplier in the
12 qualified firm or qualified supplier's business operating in Kansas during
13 the taxable year for which benefits are sought. Qualified business facility
14 employees performing functions directly related to a relocating,
15 expanding, or new business facility, office, department or other operation
16 shall be considered "new employees."

17 (9) "On-the-job training" means training situations during which a
18 product or service that can be sold or used in internal operations is
19 generated.

20 (10) "Qualified business facility" means a facility as defined in
21 subparagraph (C) that satisfies the requirements of subparagraphs (A) and
22 (B):

23 (A) Such facility is for use by the qualified firm in the operation of a
24 revenue producing enterprise, as defined in this section. Such facility shall
25 not be considered a "qualified business facility" in the hands of the
26 qualified firm if the qualified firm's only activity with respect to such
27 facility is to lease it to another person or persons. If the qualified firm
28 employs only a portion of such facility in the operation of a revenue
29 producing enterprise, and leases another portion of such facility to another
30 person or persons or does not otherwise use such other portions in the
31 operation of a revenue producing enterprise, the portion employed by the
32 qualified firm in the operation of a revenue producing enterprise shall be
33 considered a "qualified business facility," if the requirements of
34 subparagraph (B) are satisfied.

35 (B) If such facility was acquired or leased by the qualified firm from
36 another person or persons, the facility was not used, either immediately
37 prior to the transfer of title to the qualified firm, or to the commencement
38 of the term of the lease to the qualified firm, by any other person or
39 persons in the operation of a revenue producing enterprise that is the same
40 or substantially the same as the revenue producing enterprise continued by
41 the qualified firm at the facility.

42 (C) "Facility" means any factory, mill, plant, refinery, warehouse,
43 building or complex of buildings located within the state, including the

1 land on which such facility is located and all machinery, equipment and
2 other real and tangible personal property located at or within such facility
3 used in connection with the operation of such facility. "Building" means
4 only structures within which individuals are customarily employed or that
5 are customarily used to house machinery, equipment or other property.

6 (11) (A) "Qualified business facility employee" means a person
7 employed in Kansas by a qualified firm in the operation of a qualified
8 business facility or by a qualified supplier in the qualified supplier's
9 business operating in Kansas during the taxable year for which the benefits
10 allowed by this act are claimed. Such person shall be deemed to be so
11 employed if such person performs duties in Kansas in connection with the
12 operation of the qualified business facility by a qualified firm or the
13 business operating in Kansas of the qualified supplier on a:

14 (i) Regular, full-time basis;

15 (ii) part-time basis, provided such person is customarily performing
16 such duties at least 20 hours per week throughout the taxable year; or

17 (iii) seasonal basis, provided such person performs such duties for
18 substantially all of the season customary for the position in which such
19 person is employed.

20 (B) "Qualified business facility employee" does not include an
21 independent contractor.

22 (12) "Qualified business facility investment" or "qualified
23 investment" means the value of the real and tangible personal property,
24 except inventory or property held for sale to customers in the ordinary
25 course of the qualified firm's business, that constitutes the qualified
26 business facility, or that is used by the qualified firm in the operation of the
27 qualified business facility, including such property used for administrative
28 or managerial functions, during the taxable years for which the credit
29 allowed by sections 2 and 3, and amendments thereto, is claimed. The
30 value of such property during such taxable year shall be:

31 (A) Such property's original cost if owned by the qualified firm; or

32 (B) eight times the net annual rental rate, if leased by the qualified
33 firm. The net annual rental rate shall be the annual rental rate paid by the
34 qualified firm less any annual rental rate received by the qualified firm
35 from subrentals. The "qualified business facility investment" shall be
36 determined by dividing by 12 the sum of the total value of such property
37 on the last business day of each calendar month of the taxable year.
38 Notwithstanding the provisions of this paragraph, for the purpose of
39 computing the credit allowed by section 3, and amendments thereto, in the
40 case of a "qualified business facility investment" in a qualified business
41 facility that existed and was operated by the qualified firm or a related
42 taxpayer prior to the investment, the amount of the qualified firm's
43 investment shall be computed as follows: Such investment amount shall be

1 reduced by the average amount, computed as provided in this paragraph,
2 of the investment of the qualified firm or a related taxpayer in the facility
3 for the taxable year preceding the taxable year in which the "qualified
4 business facility investment" was made in the facility.

5 (13) (A) "Qualified firm" means a for-profit business establishment,
6 subject to state income, sales or property taxes, that is:

7 (i) Engaged in one or more of the following industries, as defined by
8 the secretary of commerce:

- 9 (a) Advanced manufacturing;
10 (b) aerospace;
11 (c) distribution, logistics and transportation;
12 (d) food and agriculture; or
13 (e) professional and technical services; or

14 (ii) engaged in any industry or revenue-producing activity if seeking
15 benefits with respect to a qualified business facility that is the national
16 corporate headquarters of the for-profit business establishment.

17 (B) Notwithstanding clauses (i) and (ii), "qualified firm" does not
18 include a business establishment engaged in mining, swine production,
19 ranching or gaming.

20 (14) "Qualified supplier" means any business that is a supplier of
21 components, sub-assemblies, chemicals or other process-related tangible
22 goods and that is owned by:

23 (A) An individual, any partnership, association, limited liability
24 corporation or corporation domiciled in Kansas; or

25 (B) any business, including any business owned by an individual, any
26 partnership, association, limited liability corporation or corporation, even
27 if the business is a wholly owned subsidiary of a foreign corporation, that
28 operates in the state of Kansas for the purpose of supplying a qualified
29 firm.

30 (15) "Revenue producing enterprise" means an enterprise that creates
31 revenue subject to potential tax liability in this state.

32 (16) "Secretary" means the secretary of commerce.

33 (17) (A) "Total payroll cost" means the payroll amount defined by the
34 Kansas department of labor as total wages on the quarterly wage report
35 and unemployment tax return. For a qualified business facility, "total
36 payroll cost" during the appropriate measurement period may be combined
37 with any pretax earnings in which an employee has elected to direct to a:

- 38 (i) Flexible-spending plan;
39 (ii) deferred compensation plan; or
40 (iii) retirement plan that includes earnings the employee would
41 otherwise have received in the form of taxable wages had it not been for
42 the voluntary deferral.

43 (B) "Total payroll cost" does not include company-paid costs for

1 health insurance, dental insurance and any other employee benefits that are
2 not reported to the Kansas department of labor on the employer's quarterly
3 wage report.

4 (18) "Training and education eligible expense" means the amount
5 actually paid for training and education of the group of employees, or
6 portion thereof, and from which the qualified firm or qualified supplier
7 expects to derive increased productivity or quality.

8 (A) "Training and education eligible expense" includes instructor
9 salaries, curriculum planning and development, travel, materials and
10 supplies, textbooks, manuals, minor training equipment, certain training
11 facility costs and any other expenditure that is eligible under the Kansas
12 industrial training or the Kansas industrial retraining programs.

13 (B) "Training and education eligible expense" may include, subject to
14 maximum limits determined by the secretary:

15 (i) Wages of employees during eligible training;

16 (ii) employee instructors' salaries; and

17 (iii) training-related travel expenses, with a maximum meals
18 allowance of \$120 per day and lodging costs of \$300 per night.

19 (C) "Training and education eligible expense" does not include:

20 (i) Compensation paid to an employee trainee who is receiving on-
21 the-job training;

22 (ii) compensation paid to an employee during self-training, except for
23 time in which the employee is involved in activities related to an approved
24 computerized course of study;

25 (iii) bonus pay received as compensation related to the company's
26 financial performance or the employee's job performance, or both;

27 (iv) overtime pay, unless the employee is being paid at an overtime
28 rate while participating in eligible training;

29 (v) operations manuals and reference manuals manuals, except that
30 training-specific manuals may be allowable; and

31 (vi) training and education costs covered by monies or grants
32 obtained from state, federal or other government-sponsored workforce
33 training programs.

34 New Sec. 2. (a) There is hereby established the attracting powerful
35 economic expansion program to be administered by the secretary of
36 commerce. The purpose of the attracting powerful economic expansion
37 program is to attract large capital investments by businesses engaged in
38 specified industries in new business facilities and operations in Kansas, or
39 large capital investments in new national headquarters in Kansas by any
40 business, and to encourage the development of a Kansas-based supply
41 chain for such large enterprises.

42 (b) A qualified firm that makes a qualified business investment of at
43 least \$1,000,000,000 in a qualified business facility pursuant to the

1 requirements of this act may be eligible for the following incentives as
2 approved by the secretary:

3 (1) The investment tax credit pursuant to section 3, and amendments
4 thereto;

5 (2) reimbursement of a percentage of total payroll, pursuant to
6 sections 5 and 6, and amendments thereto;

7 (3) reimbursement of any eligible employee training and education
8 expense pursuant to sections 7 and 8, and amendments thereto;

9 (4) a partial real property tax exemption for qualified business
10 facilities that are manufacturing facilities or headquarters located in
11 foreign trade zones pursuant to section 9, and amendments thereto; and

12 (5) a sales tax exemption for construction costs of the qualified
13 business facility pursuant to K.S.A. 79-3606, and amendments thereto, and
14 section 10, and amendments thereto.

15 (c) To be eligible to receive an incentive listed in subsection (b), a
16 qualified firm shall meet the requirements of this act, including any
17 requirements or provisions specific to each such incentive, and any rules
18 and regulations of the secretary pursuant to this act and shall:

19 (1) Submit an application to the secretary in the form and manner
20 prescribed by the secretary and including all information as required by the
21 secretary;

22 (2) if requested by the secretary, prior to making a commitment to
23 invest in a qualified business facility, submit a certificate of intent to invest
24 in the qualified business facility to the secretary in the form and manner
25 required by the secretary, including, if requested by the secretary, a date
26 investment will commence;

27 (3) commit to a qualified business investment of at least
28 \$1,000,000,000 in the qualified business facility to be completed within
29 five years of the commitment to invest on such date specified in the
30 agreement pursuant to paragraph (5);

31 (4) complete the project and commence commercial operations within
32 five years of either the commitment to invest or the date of the agreement
33 with the secretary made pursuant to this section, as designated by the
34 secretary and on such date as specified in the agreement pursuant to
35 paragraph (5);

36 (5) if the application is approved by the secretary, enter into a binding
37 agreement with the secretary with such terms and conditions as required
38 by the secretary and including the commitments required by this act. The
39 agreement shall be entered into before any benefits may be provided under
40 this act;

41 (6) obtain and submit a bond to the secretary if required as follows:
42 The secretary shall determine a minimum investment grade rating
43 requirement for each project of a qualified firm seeking benefits under this

1 act. In determining the minimum investment grade rating, the secretary
2 shall consider the aspects of the qualified firm and the qualified business
3 facility or project and shall consult ratings from three nationally
4 recognized rating agencies selected by the secretary that provide
5 investment grade ratings. A qualifying firm or qualifying business facility
6 that does not meet the minimum investment grade rating determined by the
7 secretary shall obtain and submit a bond in an amount, as determined by
8 the secretary, of the costs associated with the primary construction of the
9 building or buildings of the qualified business facility to a degree of
10 completion specified by the secretary. The bond shall be paid to the state
11 if, in the judgment of the secretary, the qualified business facility has not
12 been constructed to the degree specified; and

13 (7) commit to repayment of the amount of all benefits received under
14 this act exceeding payment of the bond submitted pursuant to paragraph
15 (6), in the event that the requirements of this act, rules and regulations of
16 the secretary pursuant to this act or the terms and conditions of the
17 agreement pursuant to paragraph (5) are not met.

18 (d) A qualified supplier, that meets the requirements of paragraphs (1)
19 and (2), as determined by the secretary, may be eligible for the incentives
20 listed in subsection (b)(1), (3), (4) or (5) or a partial retention of payroll
21 withholding taxes for employees as provided by section 4, and
22 amendments thereto, upon designation by a qualified firm as eligible for
23 incentives pursuant to paragraph (1). No benefits under section 4 or 7, and
24 amendments thereto, shall be awarded to the qualified supplier until the
25 commencement of such qualified firm's operations at the qualified
26 business facility, as determined by the secretary. If the qualified business
27 facility fails to commence operations as required by subsection (c)(4), all
28 incentives that may have been awarded to the qualified supplier under this
29 act shall be forfeited and the qualified supplier shall cease to be eligible for
30 further benefits until the requirements of this act are met with respect to
31 the same qualified firm that has entered into a new agreement with the
32 secretary or a different qualified firm. To be eligible to receive benefits, a
33 qualified supplier shall meet the requirements of this act, including any
34 requirements or provisions specific to each such incentive, and any rules
35 and regulations of the secretary pursuant to this act and shall:

36 (1) Be selected by the qualified firm as a qualified supplier eligible to
37 receive incentives under this act and identified to the secretary of
38 commerce. Not more than five qualified suppliers may be selected by any
39 one qualified firm. Such selection shall be effective for a period of five
40 years or the time period that an incentive under this act has been approved
41 for the qualified supplier by the secretary. The secretary may specify a
42 lesser period;

43 (2) within each period of one year for which incentives may be

1 earned, beginning with the year in which the qualified supplier was
2 designated as eligible for benefits by the qualified firm, have made sales,
3 as defined by the secretary, of more than \$10,000,000 to the qualified
4 business facility. This requirement may be waived by the secretary upon a
5 showing of exceptional circumstances;

6 (3) submit an application to the secretary, in the form and manner as
7 designated by the secretary, and provide all information requested by the
8 secretary, including, but not limited to, evidence establishing sales of more
9 than \$10,000,000 to the qualified firm for the qualified business facility as
10 required by paragraph (2). The qualified firm shall submit evidence to the
11 secretary as requested regarding the date operations at the qualified
12 business facility commenced and the sales to the qualified business facility
13 by the qualified supplier;

14 (4) if the application is approved by the secretary, enter into a binding
15 agreement with the secretary with such terms and conditions as required
16 by the secretary and the commitments required by this act, including, but
17 not limited to, providing the secretary with evidence showing the amount
18 of sales to the qualified firm for each year that an incentive is claimed. The
19 agreement shall be entered into before any benefits may be provided under
20 this act; and

21 (5) if the qualified supplier meets the requirements for the investment
22 tax credit pursuant to section 3, and amendments thereto, commit to
23 repayment of the amount of all benefits received under this act in the event
24 the requirements of this act, any rules and regulations of the secretary
25 pursuant to this act or the terms and conditions of the agreement pursuant
26 to paragraph (4) are not met and the qualified supplier is disallowed in
27 whole or in part by the secretary.

28 (e) A qualified firm or qualified supplier that is approved by the
29 secretary for incentives under this act shall not be eligible for participation
30 in the promoting employment across Kansas program, the high
31 performance incentive program or the Kansas industrial training or Kansas
32 industrial retraining programs.

33 (f) As a condition of receiving an incentive under this act, a qualified
34 firm or qualified supplier shall agree to cooperate with any audit
35 undertaken by the secretary of revenue as provided by subsection (h) and
36 to provide the secretary of commerce:

37 (1) Information required for publication in the economic development
38 incentive program information database pursuant to K.S.A. 2021 Supp. 74-
39 50,226, and amendments thereto;

40 (2) information reasonably required for the secretary's report pursuant
41 to section 9, and amendments thereto;

42 (3) information required by the secretary of commerce or the
43 secretary of revenue pursuant to subsections (g) and (h); and

1 (4) reasonable access by the secretary or the secretary's agents to the
2 qualified business facility during business hours.

3 (g) (1) The secretary shall conduct an annual review of the activities
4 undertaken by a qualified firm or qualified supplier to ensure that the
5 qualified firm or qualified supplier remains in good standing with the state
6 and in compliance with the provisions of this act, any rules and regulations
7 adopted by the secretary with respect to this act and any agreement entered
8 into pursuant to this act and continues to meet the requirements for the
9 benefits provided under this act. The secretary of commerce shall certify
10 annually to the secretary of revenue that the qualified firm meets the
11 criteria for designation as a qualified firm and is eligible for such benefits.
12 The secretary of commerce may obtain any and all information reasonably
13 necessary to determine such eligibility. Such information shall be
14 confidential to the same extent as information provided to the secretary to
15 determine eligibility pursuant to K.S.A. 74-50,131, and amendments
16 thereto.

17 (2) Confidential financial information, any trade secret or other
18 information that, if known, would place the qualified firm at a
19 disadvantage in the marketplace or would significantly interfere with the
20 purposes of this act in the judgment of the secretary that is obtained under
21 this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et
22 seq., and amendments thereto, but shall upon request be made available to
23 the legislative post audit division. The provisions of this paragraph shall
24 expire on July 1, 2027, unless the legislature reviews and reenacts such
25 provisions pursuant to K.S.A. 45-229, and amendments thereto, prior to
26 July 1, 2027.

27 (h) The books and records concerning investments made, sales,
28 employment and wages of any employees for which the qualified firm,
29 qualified supplier or third party has retained any Kansas payroll
30 withholding taxes or any other financial, employee or other records that
31 pertain to eligibility for benefits or compliance with the requirements of
32 this act shall be available for inspection by the secretary or the secretary's
33 duly authorized agents or employees during business hours on at least 10
34 days' prior written notice. The secretary may request the department of
35 revenue to audit the qualified firm or qualified supplier, or a third party if
36 applicable, for compliance with the provisions of this act.

37 (i) The secretary of revenue, in consultation with the secretary of
38 commerce, shall develop a form that shall be completed annually by any
39 qualified firm or qualified supplier that received any tax benefit pursuant
40 to this section and section 3 or 4, and amendments thereto. Such form shall
41 request, at a minimum, the information required by K.S.A. 79-32,243(a)(1)
42 through (a)(6), and amendments thereto, and such other information as
43 shall reasonably be required by the secretary of revenue and the secretary

1 of commerce. The contents of the completed form shall be confidential
2 except as provided in K.S.A. 79-3234, and amendments thereto.

3 (j) The secretary of commerce or the secretary of revenue may adopt
4 rules and regulations for the implementation of this act.

5 New Sec. 3. (a) For taxable years commencing after December 31,
6 2021, a qualified firm or qualified supplier that makes a qualified business
7 investment in a qualified business facility and meets the requirements of
8 section 2, and amendments thereto, and of this section shall be allowed a
9 credit for such investment as provided by this section against the tax
10 imposed by the Kansas income tax act, the premium tax or privilege fees
11 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
12 privilege tax as measured by the net income of financial institutions
13 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
14 Annotated, and amendments thereto. The credit shall be earned by the
15 taxpayer each taxable year based on the amount of the qualified
16 investment made in that taxable year as further provided in this section.
17 The amount of the credit that is earned each taxable year shall not be
18 claimed by the taxpayer in the taxable year that such credit is earned but
19 shall be divided into three equal portions or installments. In the case of a
20 qualified firm, a $\frac{1}{3}$ portion or installment shall be claimed by the qualified
21 firm commencing with the taxable year after the credit is earned and a
22 second and third such portion or installment, respectively, shall be claimed
23 in each of the next successive two taxable years. In the case of a qualified
24 supplier, a $\frac{1}{3}$ portion or installment shall first be claimed commencing
25 with the taxable year that the qualified firm that selected the qualified
26 supplier as eligible for benefits under this act substantially completes the
27 qualified business facility, as determined by the secretary.

28 (b) The amount of the tax credit earned in a taxable year shall be up
29 to 15%, at the discretion of the secretary, of the amount of the qualified
30 investment that is invested during such taxable year. In determining such
31 percentage, the secretary shall consider factors including the extent of
32 prospective new employment, the quality of new jobs and wage or salary
33 levels, the total amount of investment, the potential for development of the
34 industry in this state and the potential for ancillary industry development
35 and indirect economic development. Such percentage shall be set forth in
36 the agreement pursuant to section 2, and amendments thereto. The total
37 qualified investment shall be completed within five taxable years
38 commencing from the date of such agreement. In the case of a qualified
39 firm, the total amount of the qualified investment shall be at least
40 \$1,000,000,000. The qualified firm or qualified supplier shall repay to the
41 state all tax credits received if the total qualified investment is not
42 completed.

43 (c) The secretary of commerce shall set forth in the agreement

1 pursuant to section 2, and amendments thereto, a percentage of the earned
2 tax credit that may be refundable when claimed, as provided in subsection
3 (a). The percentage shall be determined as provided in subsection (d).
4 Such percentage of a tax credit installment may be refundable to such
5 taxpayer if the amount of the installment claimed for that taxable year
6 exceeds the taxpayer's tax liability for such year. The secretary shall set
7 forth in the agreement any additional provisions, if necessary, regarding
8 disposition of the earned tax credits. No earned tax credit shall be
9 refundable after the three successive taxable years period within which a
10 portion or installment of the earned tax credit may be claimed. An
11 installment portion of an earned tax credit that is not refunded shall be
12 carried forward for application first against the taxpayer's tax liability in
13 the next successive tax year or for refund, as the case may be, within the
14 three taxable year period of time that the earned tax credit may be claimed.
15 An earned tax credit that has not been applied against the taxpayer's tax
16 liability or refunded at the end of the third successive taxable year period
17 that installment portions of such earned tax credit may be claimed shall be
18 forfeited.

19 (d) The base percentage that may be refundable in each taxable year
20 of the $\frac{1}{3}$ portion of an earned tax credit that may be claimed, as provided
21 by subsection (a), shall be 50%. The secretary may provide for an
22 additional percentage that may be refundable up to 100% of the total
23 eligible earned credit. The secretary shall base the additional percentage on
24 the qualified firm or qualified supplier meeting specified goals that shall
25 be set forth in the agreement. Such goals shall include targets for the:

- 26 (1) Creation of new jobs, including new jobs for suppliers;
- 27 (2) benefit to the local, regional or state economy, including the
28 development of suppliers in Kansas;
- 29 (3) amount of capital investment;
- 30 (4) benefit to the development of the qualified firm's industry in
31 Kansas; or
- 32 (5) other measures or goals, if any, of the secretary consistent with the
33 purposes of this act.

34 (e) The qualified firm or qualified supplier shall meet the
35 requirements of this act, any rules and regulations of the secretary of
36 commerce under this act and the terms of the agreement to receive a credit
37 each year that a credit is earned or an installment portion of the earned
38 credit is claimed. No credit shall be issued by the secretary of revenue
39 unless the qualified firm or qualified supplier has been certified by the
40 secretary of commerce as eligible as provided by section 2, and
41 amendments thereto, for each taxable year the credit is claimed. The
42 secretary of commerce shall provide such certifications to the secretary of
43 revenue.

1 (f) In the event the tax credit awarded to the qualified firm or
2 qualified supplier is later disallowed in whole or in part by the secretary of
3 commerce or the secretary of revenue, the qualified firm or qualified
4 supplier shall be liable for repayment to the state of the amount disallowed
5 as provided by section 2, and amendments thereto.

6 (g) As a condition for claiming credits pursuant to this section, any
7 qualified firm or qualified supplier shall provide information pursuant to
8 K.S.A. 79-32,243, and amendments thereto, as part of the tax return in
9 which such credits are claimed. Such credits shall not be denied solely on
10 the basis of the contents of the information provided by the qualified firm
11 pursuant to K.S.A. 79-32,243, and amendments thereto.

12 New Sec. 4. (a) For taxable years commencing after December 31,
13 2021, a qualified supplier that meets the requirements of section 2, and
14 amendments thereto, and this section may be eligible to retain up to 65%,
15 as determined by the secretary, of the qualified supplier's Kansas payroll
16 withholding taxes under the Kansas withholding and declaration of
17 estimated tax act for the qualified supplier's employees in a taxable year
18 that such requirements are met. This benefit shall be available for a period
19 of up to 10 successive taxable years. In determining the percentage and
20 number of successive years, the secretary shall, at a minimum, consider
21 the factors set forth in sections 3(b) and (d), and amendments thereto, as
22 applicable. Qualified suppliers that have been selected by a qualified firm
23 for benefit eligibility, and that meet the sales amount requirement, as
24 provided by section 2, and amendments thereto, may be eligible to earn
25 benefits of this section prior to the qualified firm's commencement of
26 commercial operations at the qualified business facility. Any benefits shall
27 only be awarded after the qualified firm that has selected the qualified
28 supplier for benefit eligibility commences commercial operations.

29 (b) For purposes of the benefit under this section, a qualified supplier
30 may utilize or contract with a third-party employer to perform services
31 whereby the third-party employer:

32 (1) Serves as the legal employer of the qualified supplier's employees
33 providing services to the qualified supplier;

34 (2) performs such services in Kansas; and

35 (3) is subject to, and the qualified supplier's employees are subject to,
36 the Kansas withholding and declaration of estimated tax act.

37 (c) The qualified supplier shall submit an application to the secretary
38 of commerce in the form and manner required by the secretary and provide
39 all information requested by the secretary. If approved by the secretary,
40 the qualified supplier shall enter into an agreement with the secretary, as
41 required pursuant to section 2, and amendments thereto, with such terms
42 and conditions as may be required by the secretary. In addition, the
43 agreement shall set forth the percentage of payroll withholding taxes to be

1 retained each year and any requirements or performance targets to receive
2 such benefits, as determined by the secretary. If necessary, the secretary
3 may also enter into an agreement with any third party described in
4 subsection (b), or such third party may be a party to an agreement between
5 the qualified supplier and the secretary.

6 (d) The agreement between the secretary of commerce and the
7 qualified supplier shall specify that, if the qualified supplier fails to
8 comply with the terms and conditions set forth in the agreement or fails to
9 comply with the provisions set forth in this act, the secretary may
10 terminate the agreement. If such agreement is terminated, the qualified
11 supplier shall not be entitled to any further benefits provided under this
12 section and shall be required to remit to the state an amount equal to the
13 aggregate Kansas payroll withholding taxes retained by the qualified
14 supplier, or remitted to the qualified supplier by a third party, pursuant to
15 this act as of the date the agreement is terminated.

16 (e) For each year that the agreement is in effect, the secretary of
17 commerce shall certify to the secretary of revenue:

18 (1) That the qualified supplier is eligible to receive benefits under this
19 act and the terms of the agreement;

20 (2) the number of employees;

21 (3) the amount of gross wages being paid to each such employee; and

22 (4) the percentage of payroll withholding taxes to be retained by the
23 qualified supplier.

24 (f) Any qualified supplier that has entered into an agreement with the
25 secretary of commerce pursuant to this section and section 2, and
26 amendments thereto, and is eligible to receive benefits pursuant to this
27 section, shall complete and submit to the department of revenue the
28 amount of Kansas payroll withholding tax being retained by the qualified
29 supplier in the form and manner prescribed by the director of taxation.

30 (g) The secretary of revenue and the secretary of commerce shall
31 cooperate to develop and coordinate procedures to implement the
32 provisions of this act.

33 New Sec. 5. (a) On and after July 1, 2022, a qualified firm that meets
34 the requirements of section 2, and amendments thereto, and this section
35 may be eligible for partial reimbursement of total payroll costs paid to
36 qualified business facility employees during a taxable year, as approved by
37 the secretary of commerce.

38 (b) As determined by the secretary a qualified firm shall be eligible
39 for such reimbursement commencing on the date the qualified firm:

40 (1) Enters into an agreement with the secretary as provided in section
41 2, and amendments thereto;

42 (2) commences construction of the qualified business facility; or

43 (3) commences commercial operations at the qualified business

1 facility.

2 (c) The amount of the reimbursement each year shall be up to 10%, as
3 allowed by the secretary, of the total payroll costs for that year, as
4 determined by the secretary. The secretary may grant such reimbursement
5 for up to 10 successive years. In determining the percentage and number of
6 successive years, the secretary shall, at a minimum, consider the factors set
7 forth in sections 3(b) and (d), and amendments thereto, as applicable.

8 (d) To be eligible for the reimbursement, the qualified firm shall
9 submit an application to the secretary in the form and manner required by
10 the secretary and provide all information requested by the secretary. If
11 approved by the secretary, the qualified firm shall enter into an agreement
12 with the secretary with such terms and conditions as required by the
13 secretary and this section.

14 (e) No claim for a reimbursement shall be paid unless the:

15 (1) Qualified firm has met all requirements of section 2, and
16 amendments thereto, including entering into an agreement with the
17 secretary of commerce that includes a commitment to make a qualified
18 investment in the qualified business facility of at least \$1,000,000,000
19 within a period of five taxable years;

20 (2) secretary of commerce has certified, for each year for which a
21 reimbursement is claimed, that the qualified firm meets all requirements of
22 this act, rules and regulations of the secretary, if any, and the agreement
23 entered into pursuant to section 2, and amendments thereto, and this
24 section; and

25 (3) qualified firm has filed a claim with the secretary of commerce in
26 the form and manner required by the secretary and including evidence as
27 required by the secretary showing the amount of total payroll costs for the
28 year the reimbursement is claimed.

29 (f) Subject to appropriations therefor, the allowable amount of such
30 claim as determined by the secretary shall be paid to the qualified firm
31 from the attracting powerful economic expansion payroll incentive fund,
32 established by section 6, and amendments thereto, upon warrants of the
33 director of accounts and reports pursuant to vouchers approved by the
34 secretary or by any person designated by the secretary. No interest shall be
35 allowed on any payment made to a qualified firm pursuant to this section.

36 New Sec. 6. There is hereby established in the state treasury the
37 attracting powerful economic expansion payroll incentive fund to be
38 administered by the secretary of commerce. All moneys credited to the
39 attracting powerful economic expansion payroll incentive fund shall be
40 used by the Kansas department of commerce only for purposes related to
41 partial reimbursement of qualified firms for total payroll costs pursuant to
42 the provisions of sections 2 and 5, and amendments thereto. All
43 expenditures from the attracting powerful economic expansion payroll

1 incentive fund shall be made in accordance with appropriation acts upon
2 warrants of the director of accounts and reports issued pursuant to
3 vouchers approved by the secretary of commerce or the secretary's
4 designee.

5 New Sec. 7. (a) On and after July 1, 2022, a qualified firm or a
6 qualified supplier that meets the requirements of section 2, and
7 amendments thereto, and this section and that has entered into an
8 agreement with the secretary, as provided by section 2, and amendments
9 thereto, may be eligible for reimbursement of up to 50% of training and
10 education eligible expenses for training or education completed for new
11 employees in each year for up to five successive years, and up to an annual
12 amount of \$5,000,000, as determined by the secretary and as provided by
13 this section. In determining the percentage, the number of successive years
14 and the maximum annual amount, the secretary shall, at a minimum,
15 consider the factors set forth in sections 3(b) and (d), and amendments
16 thereto, as applicable.

17 (b) (1) Qualified firms shall be eligible commencing with the year in
18 which the qualified firm enters into an agreement with the secretary, as
19 provided in section 2, and amendments thereto, commences construction
20 of the qualified business facility or commences commercial operations at
21 the qualified business facility, as determined by the secretary.

22 (2) Qualified suppliers shall be eligible commencing with the year in
23 which the qualified firm has selected the qualified supplier for benefit
24 eligibility pursuant to section 2, and amendments thereto, but shall not be
25 awarded such benefits until the qualified business facility commences
26 commercial operations.

27 (c) The qualified firm or qualified supplier shall submit an application
28 to the secretary in the form and manner required by the secretary and
29 provide all information requested by the secretary, as provided by section
30 2, and amendments thereto. If approved by the secretary, the qualified firm
31 or qualified supplier shall enter into an agreement with the secretary with
32 such terms and conditions as may be required by the secretary and
33 commitments required by this act, as provided pursuant to section 2, and
34 amendments thereto. The agreement shall set forth the maximum amount
35 of the incentive that may be received for each year and shall require an
36 annual showing of eligibility, including evidence showing the number of
37 new hires and amount of eligible training and education expense, for each
38 year the incentive is claimed.

39 (d) Subject to appropriations therefor, reimbursement in the amount
40 approved by the secretary and pursuant to the terms of the agreement and
41 the limitations of subsection (a) shall be made by the secretary from the
42 attracting powerful economic expansion new employee training and
43 education fund established in section 8, and amendments thereto, in

1 accordance with appropriation acts upon warrants of the director of
2 accounts and reports issued pursuant to vouchers approved by the
3 secretary of commerce or the secretary's designee.

4 (e) No reimbursement shall be issued unless the qualified firm or the
5 qualified supplier has been certified by the secretary, as provided in section
6 2, and amendments thereto, as meeting all requirements of this act, any
7 rules and regulations of the secretary and the agreement executed pursuant
8 to section 2, and amendments thereto.

9 New Sec. 8. There is hereby established in the state treasury the
10 attracting powerful economic expansion new employee training and
11 education fund to be administered by the secretary of commerce. All
12 moneys credited to the attracting powerful economic expansion new
13 employee training and education fund shall be used by the Kansas
14 department of commerce only for purposes related to reimbursement of
15 qualified firms and qualified suppliers for training and education eligible
16 expenses pursuant to the provisions of sections 2 and 7, and amendments
17 thereto. All expenditures from the attracting powerful economic expansion
18 new employee training and education fund shall be made in accordance
19 with appropriation acts upon warrants of the director of accounts and
20 reports issued pursuant to vouchers approved by the secretary of
21 commerce or the secretary's designee.

22 New Sec. 9. (a) The following described property, to the extent herein
23 specified, shall be exempt from 50% of all real property taxes levied under
24 the laws of Kansas: Any new manufacturing property or new headquarters
25 located in a foreign trade zone program.

26 (b) The provisions of subsection (a) shall apply from and after the
27 completion of construction of such property and continue only for a period
28 as determined by the secretary that the manufacturing operations or
29 headquarters operations continue and constitute active participation, to the
30 extent applicable, in the foreign trade zone program.

31 (c) The provisions of this section shall apply to all taxable years
32 beginning after December 31, 2021.

33 (d) As used in this section:

34 (1) "New manufacturing property" means any real property purchased
35 or constructed after December 31, 2021, that is a qualified business facility
36 owned by a qualified firm or a qualified supplier, as defined in paragraph
37 (3), provided such property is regularly used to manufacture and produce
38 goods for one or more of the following industries, as determined by the
39 secretary of commerce:

- 40 (A) Advanced manufacturing;
41 (B) aerospace;
42 (C) distribution, logistics and transportation;
43 (D) food and agriculture; or

1 (E) professional and technical services.

2 (2) "Headquarters" means the same as defined in section 1, and
3 amendments thereto, that is owned by a qualified firm or qualified
4 supplier, as defined in paragraph (3).

5 (3) "Qualified firm" or "qualified supplier" means a "qualified firm"
6 or a "qualified supplier" as defined in section 1, and amendments thereto,
7 that has met and is in compliance with the requirements of section 2, and
8 amendments thereto, including, with respect to a qualified firm, the
9 requirement of investment of at least \$1,000,000,000 over a period of five
10 years in the new manufacturing property or new headquarters property
11 located in a foreign trade zone program.

12 New Sec. 10. (a) On and after the effective date of this act, a qualified
13 firm or a qualified supplier that meets the requirements of section 2, and
14 amendments thereto, and this section may be eligible for a sales tax
15 exemption under the provisions of K.S.A. 79-3606(oooo), and
16 amendments thereto.

17 (b) (1) Qualified firms shall be eligible commencing on the date the
18 qualified firm commences construction of the qualified business facility, as
19 determined by the secretary of commerce, or an earlier date if agreed by
20 the secretary and incorporated into the agreement pursuant to section 2,
21 and amendments thereto.

22 (2) Qualified suppliers shall be eligible commencing on the date that
23 the qualified firm selected the qualified supplier for benefit eligibility
24 pursuant to section 2, and amendments thereto.

25 (c) To be eligible to receive the sales tax exemption, the qualified
26 firm or qualified supplier shall have been approved by and entered into an
27 agreement with the secretary for a qualified investment in a qualified
28 business facility. The secretary of commerce shall provide notice to the
29 secretary of revenue regarding an approval of a sales tax exemption under
30 this section. The sales tax exemption shall be valid until construction of
31 the qualified business facility has been completed or the date specified for
32 completion of the qualified business facility in the agreement executed
33 pursuant to section 2, and amendments thereto, whichever occurs first. No
34 sales tax exemption shall be issued by the secretary of revenue unless the
35 qualified firm or the qualified supplier has been certified by the secretary
36 of commerce, as provided in section 2, and amendments thereto, as
37 meeting all requirements of this act, the rules and regulations of the
38 secretary, if any, and the agreement executed pursuant to section 2, and
39 amendments thereto.

40 (d) A sales tax exemption shall be revoked by the secretary of
41 revenue upon notification by the secretary of commerce that the qualified
42 firm or qualified supplier has been disapproved by the secretary of
43 commerce.

1 New Sec. 11. (a) On or before January 31 of each year, the secretary
2 of commerce shall transmit to the governor, the senate standing
3 committees on assessment and taxation and commerce and the house of
4 representatives standing committees on taxation and commerce, labor and
5 economic development, or any successor committee, a report based on
6 information received from each qualified firm or qualified supplier
7 receiving benefits under this act, describing, at a minimum, the following:

- 8 (1) The names of the qualified firms or qualified suppliers;
- 9 (2) the types of qualified firms or qualified suppliers utilizing the act;
- 10 (3) the location of such companies and the location, description and
11 economic and industry impact of such companies' business operations in
12 Kansas;
- 13 (4) the number of new employees hired;
- 14 (5) the wages paid for such new employees;
- 15 (6) the annual and cumulative amount of investments made;
- 16 (7) the annual amount of each benefit provided under this act;
- 17 (8) the estimated net state fiscal impact, including the direct and
18 indirect new state taxes derived from the new employees hired; and
- 19 (9) an estimate of the multiplier effect on the Kansas economy of the
20 benefits received under this act.

21 (b) Commencing on the effective date of this act, the secretary of
22 commerce shall transmit quarterly to the chairpersons of the senate
23 standing committee on commerce and the house of representatives
24 standing committee on commerce, labor and economic development, or
25 any successor committee, a report on the number of projects that may
26 qualify for incentives under this act.

27 Sec. 12. K.S.A. 2021 Supp. 79-3606 is hereby amended to read as
28 follows: 79-3606. The following shall be exempt from the tax imposed by
29 this act:

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

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

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

16 (c) all sales of tangible personal property or services, including the
17 renting and leasing of tangible personal property, purchased directly by a
18 public or private elementary or secondary school or public or private
19 nonprofit educational institution and used primarily by such school or
20 institution for nonsectarian programs and activities provided or sponsored
21 by such school or institution or in the erection, repair or enlargement of
22 buildings to be used for such purposes. The exemption herein provided
23 shall not apply to erection, construction, repair, enlargement or equipment
24 of buildings used primarily for human habitation, except that such
25 exemption shall apply to the erection, construction, repair, enlargement or
26 equipment of buildings used for human habitation by the cerebral palsy
27 research foundation of Kansas located in Wichita, Kansas, and multi
28 community diversified services, incorporated, located in McPherson,
29 Kansas;

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

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

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

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

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

4 (f) tangible personal property purchased by a railroad or public utility
5 for consumption or movement directly and immediately in interstate
6 commerce;

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

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

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

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

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

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

35 (m) all sales of tangible personal property that become an ingredient
36 or component part of tangible personal property or services produced,
37 manufactured or compounded for ultimate sale at retail within or without
38 the state of Kansas; and any such producer, manufacturer or compounder
39 may obtain from the director of taxation and furnish to the supplier an
40 exemption certificate number for tangible personal property for use as an
41 ingredient or component part of the property or services produced,
42 manufactured or compounded;

43 (n) all sales of tangible personal property that is consumed in the

1 production, manufacture, processing, mining, drilling, refining or
2 compounding of tangible personal property, the treating of by-products or
3 wastes derived from any such production process, the providing of
4 services or the irrigation of crops for ultimate sale at retail within or
5 without the state of Kansas; and any purchaser of such property may
6 obtain from the director of taxation and furnish to the supplier an
7 exemption certificate number for tangible personal property for
8 consumption in such production, manufacture, processing, mining,
9 drilling, refining, compounding, treating, irrigation and in providing such
10 services;

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

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

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

34 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
35 enteral feeding systems, prosthetic devices and mobility enhancing
36 equipment prescribed in writing by a person licensed to practice the
37 healing arts, dentistry or optometry, and in addition to such sales, all sales
38 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,
39 and repair and replacement parts therefor, including batteries, by a person
40 licensed in the practice of dispensing and fitting hearing aids pursuant to
41 the provisions of K.S.A. 74-5808, and amendments thereto. For the
42 purposes of this subsection: (1) "Mobility enhancing equipment" means
43 equipment including repair and replacement parts to same, but does not

1 include durable medical equipment, which is primarily and customarily
2 used to provide or increase the ability to move from one place to another
3 and which is appropriate for use either in a home or a motor vehicle; is not
4 generally used by persons with normal mobility; and does not include any
5 motor vehicle or equipment on a motor vehicle normally provided by a
6 motor vehicle manufacturer; and (2) "prosthetic device" means a
7 replacement, corrective or supportive device including repair and
8 replacement parts for same worn on or in the body to artificially replace a
9 missing portion of the body, prevent or correct physical deformity or
10 malfunction or support a weak or deformed portion of the body;

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

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

1 farming, ranching or aquaculture production. Farming or ranching shall
2 include the operation of a feedlot and farm and ranch work for hire and the
3 operation of a nursery;

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

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

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

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

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

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

41 (aa) all sales of materials and services applied to equipment that is
42 transported into the state from without the state for repair, service,
43 alteration, maintenance, remanufacture or modification and that is

1 subsequently transported outside the state for use in the transmission of
2 liquids or natural gas by means of pipeline in interstate or foreign
3 commerce under authority of the laws of the United States;

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

9 (cc) all sales of tangible personal property or services purchased prior
10 to January 1, 2012, except as otherwise provided, for the purpose of and in
11 conjunction with constructing, reconstructing, enlarging or remodeling a
12 business or retail business that meets the requirements established in
13 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of
14 machinery and equipment purchased for installation at any such business
15 or retail business, and all sales of tangible personal property or services
16 purchased on or after January 1, 2012, for the purpose of and in
17 conjunction with constructing, reconstructing, enlarging or remodeling a
18 business that meets the requirements established in K.S.A. 74-50,115(e),
19 and amendments thereto, and the sale and installation of machinery and
20 equipment purchased for installation at any such business. When a person
21 shall contract for the construction, reconstruction, enlargement or
22 remodeling of any such business or retail business, such person shall
23 obtain from the state and furnish to the contractor an exemption certificate
24 for the project involved, and the contractor may purchase materials,
25 machinery and equipment for incorporation in such project. The contractor
26 shall furnish the number of such certificates to all suppliers from whom
27 such purchases are made, and such suppliers shall execute invoices
28 covering the same bearing the number of such certificate. Upon
29 completion of the project the contractor shall furnish to the owner of the
30 business or retail business a sworn statement, on a form to be provided by
31 the director of taxation, that all purchases so made were entitled to
32 exemption under this subsection. All invoices shall be held by the
33 contractor for a period of five years and shall be subject to audit by the
34 director of taxation. Any contractor or any agent, employee or
35 subcontractor thereof, who shall use or otherwise dispose of any materials,
36 machinery or equipment purchased under such a certificate for any
37 purpose other than that for which such a certificate is issued without the
38 payment of the sales or compensating tax otherwise imposed thereon, shall
39 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
40 to the penalties provided for in K.S.A. 79-3615(h), and amendments
41 thereto. As used in this subsection, "business" and "retail business" mean
42 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
43 exemption certificates that have been previously issued under this

1 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
2 and amendments thereto, but not including K.S.A. 74-50,115(e), and
3 amendments thereto, prior to January 1, 2012, and have not expired will be
4 effective for the term of the project or two years from the effective date of
5 the certificate, whichever occurs earlier. Project exemption certificates that
6 are submitted to the department of revenue prior to January 1, 2012, and
7 are found to qualify will be issued a project exemption certificate that will
8 be effective for a two-year period or for the term of the project, whichever
9 occurs earlier;

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

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

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

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

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

35 (ii) all sales of tangible personal property purchased directly by a
36 nonprofit organization for nonsectarian comprehensive multidiscipline
37 youth development programs and activities provided or sponsored by such
38 organization, and all sales of tangible personal property by or on behalf of
39 any such organization. This exemption shall not apply to tangible personal
40 property customarily used for human habitation purposes;

41 (jj) all sales of tangible personal property or services, including the
42 renting and leasing of tangible personal property, purchased directly on
43 behalf of a community-based facility for people with intellectual disability

1 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
2 amendments thereto, and licensed in accordance with the provisions of
3 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
4 personal property or services purchased by contractors during the time
5 period from July, 2003, through June, 2006, for the purpose of
6 constructing, equipping, maintaining or furnishing a new facility for a
7 community-based facility for people with intellectual disability or mental
8 health center located in Riverton, Cherokee County, Kansas, that would
9 have been eligible for sales tax exemption pursuant to this subsection if
10 purchased directly by such facility or center. This exemption shall not
11 apply to tangible personal property customarily used for human habitation
12 purposes;

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

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

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

20 (2) For purposes of this subsection:

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

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

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

1 at retail;

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

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

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

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

4 (A) ~~To~~ Receive, transport, convey, handle, treat or store raw materials
5 in preparation of its placement on the production line;

6 (B) ~~to~~ transport, convey, handle or store the property undergoing
7 manufacturing or processing at any point from the beginning of the
8 production line through any warehousing or distribution operation of the
9 final product that occurs at the plant or facility;

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

12 (D) ~~to~~ guide, control or direct the movement of property undergoing
13 manufacturing or processing;

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

17 (F) ~~to~~ plan, manage, control or record the receipt and flow of
18 inventories of raw materials, consumables and component parts, the flow
19 of the property undergoing manufacturing or processing and the
20 management of inventories of the finished product;

21 (G) ~~to~~ produce energy for, lubricate, control the operating of or
22 otherwise enable the functioning of other production machinery and
23 equipment and the continuation of production operations;

24 (H) ~~to~~ package the property being manufactured or processed in a
25 container or wrapping in which such property is normally sold or
26 transported;

27 (I) ~~to~~ transmit or transport electricity, coke, gas, water, steam or
28 similar substances used in production operations from the point of
29 generation, if produced by the manufacturer or processor at the plant site,
30 to that manufacturer's production operation; or, if purchased or delivered
31 from off-site, from the point where the substance enters the site of the
32 plant or facility to that manufacturer's production operations;

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

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

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

41 (M) ~~to~~ control pollution at the plant or facility where the pollution is
42 produced by the manufacturing or processing operation.

43 (4) The following machinery, equipment and materials shall be

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

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

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

32 (B) machinery, equipment and tools used primarily in maintaining
33 and repairing any type of machinery and equipment or the building and
34 plant;

35 (C) transportation, transmission and distribution equipment not
36 primarily used in a production, warehousing or material handling
37 operation at the plant or facility, including the means of conveyance of
38 natural gas, electricity, oil or water, and equipment related thereto, located
39 outside the plant or facility;

40 (D) office machines and equipment including computers and related
41 peripheral equipment not used directly and primarily to control or measure
42 the manufacturing process;

43 (E) furniture and other furnishings;

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

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

7 (H) machinery and equipment used for general plant heating, cooling
8 and lighting;

9 (I) motor vehicles that are registered for operation on public
10 highways; or

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

14 (6) ~~Subsections~~*Paragraphs* (3) and (5) shall not be construed as
15 exclusive listings of the machinery and equipment that qualify or do not
16 qualify as an integral or essential part of an integrated production
17 operation. When machinery or equipment is used as an integral or essential
18 part of production operations part of the time and for nonproduction
19 purposes at other times, the primary use of the machinery or equipment
20 shall determine whether or not such machinery or equipment qualifies for
21 exemption.

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

24 (ll) all sales of educational materials purchased for distribution to the
25 public at no charge by a nonprofit corporation organized for the purpose of
26 encouraging, fostering and conducting programs for the improvement of
27 public health, except that for taxable years commencing after December
28 31, 2013, this subsection shall not apply to any sales of such materials
29 purchased by a nonprofit corporation which performs any abortion, as
30 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

1 a nonprofit museum or historical society or any combination thereof,
2 including a nonprofit organization that is organized for the purpose of
3 stimulating public interest in the exploration of space by providing
4 educational information, exhibits and experiences, that is exempt from
5 federal income taxation pursuant to section 501(c)(3) of the federal
6 internal revenue code of 1986;

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

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

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

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

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

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

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

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

41 (4) the American diabetes association Kansas affiliate, inc. for the
42 purpose of eliminating diabetes through medical research, public education
43 focusing on disease prevention and education, patient education including

1 information on coping with diabetes, and professional education and
2 training;

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

8 (6) the Kansas chapters of the Alzheimer's disease and related
9 disorders association, inc. for the purpose of providing assistance and
10 support to persons in Kansas with Alzheimer's disease, and their families
11 and caregivers;

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

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

18 (9) the heartstrings community foundation for the purpose of
19 providing training, employment and activities for adults with
20 developmental disabilities;

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

24 (11) the spina bifida association of Kansas for the purpose of
25 providing financial, educational and practical aid to families and
26 individuals with spina bifida. Such aid includes, but is not limited to,
27 funding for medical devices, counseling and medical educational
28 opportunities;

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

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

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

39 (15) the KSDS, Inc., for the purpose of promoting the independence
40 and inclusion of people with disabilities as fully participating and
41 contributing members of their communities and society through the
42 training and providing of guide and service dogs to people with
43 disabilities, and providing disability education and awareness to the

1 general public;

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

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

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

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

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

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

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

25 (23) the angel babies association, for the purpose of providing
26 assistance, support and items of necessity to teenage mothers and their
27 babies; and

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

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

33 (xx) all sales of tangible personal property and services purchased by
34 a nonprofit zoo that is exempt from federal income taxation pursuant to
35 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
36 of such zoo by an entity itself exempt from federal income taxation
37 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
38 contracted with to operate such zoo and all sales of tangible personal
39 property or services purchased by a contractor for the purpose of
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
41 furnishing or remodeling facilities for any nonprofit zoo that would be
42 exempt from taxation under the provisions of this section if purchased
43 directly by such nonprofit zoo or the entity operating such zoo. Nothing in

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

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

38 (zz) all sales of machinery and equipment purchased by over-the-air,
39 free access radio or television station that is used directly and primarily for
40 the purpose of producing a broadcast signal or is such that the failure of
41 the machinery or equipment to operate would cause broadcasting to cease.
42 For purposes of this subsection, machinery and equipment shall include,
43 but not be limited to, that required by rules and regulations of the federal

1 communications commission, and all sales of electricity which are
2 essential or necessary for the purpose of producing a broadcast signal or is
3 such that the failure of the electricity would cause broadcasting to cease;

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

1 of a misdemeanor and, upon conviction therefor, shall be subject to the
2 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
3 Sales tax paid on and after July 1, 1998, but prior to the effective date of
4 this act upon the gross receipts received from any sale exempted by the
5 amendatory provisions of this subsection shall be refunded. Each claim for
6 a sales tax refund shall be verified and submitted to the director of taxation
7 upon forms furnished by the director and shall be accompanied by any
8 additional documentation required by the director. The director shall
9 review each claim and shall refund that amount of sales tax paid as
10 determined under the provisions of this subsection. All refunds shall be
11 paid from the sales tax refund fund upon warrants of the director of
12 accounts and reports pursuant to vouchers approved by the director or the
13 director's designee;

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

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

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

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

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

39 (fff) all sales of material handling equipment, racking systems and
40 other related machinery and equipment that is used for the handling,
41 movement or storage of tangible personal property in a warehouse or
42 distribution facility in this state; all sales of installation, repair and
43 maintenance services performed on such machinery and equipment; and

1 all sales of repair and replacement parts for such machinery and
2 equipment. For purposes of this subsection, a warehouse or distribution
3 facility means a single, fixed location that consists of buildings or
4 structures in a contiguous area where storage or distribution operations are
5 conducted that are separate and apart from the business' retail operations,
6 if any, and that do not otherwise qualify for exemption as occurring at a
7 manufacturing or processing plant or facility. Material handling and
8 storage equipment shall include aeration, dust control, cleaning, handling
9 and other such equipment that is used in a public grain warehouse or other
10 commercial grain storage facility, whether used for grain handling, grain
11 storage, grain refining or processing, or other grain treatment operation;

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

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

20 (iii) all sales of personal property and services purchased by an
21 organization that is exempt from federal income taxation pursuant to
22 section 501(c)(3) of the federal internal revenue code of 1986, and such
23 personal property and services are used by any such organization in the
24 collection, storage and distribution of food products to nonprofit
25 organizations that distribute such food products to persons pursuant to a
26 food distribution program on a charitable basis without fee or charge, and
27 all sales of tangible personal property or services purchased by a
28 contractor for the purpose of constructing, equipping, reconstructing,
29 maintaining, repairing, enlarging, furnishing or remodeling facilities used
30 for the collection and storage of such food products for any such
31 organization which is exempt from federal income taxation pursuant to
32 section 501(c)(3) of the federal internal revenue code of 1986, that would
33 be 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 such facilities or not to have been returned for credit or the
10 sales or compensating tax otherwise imposed upon such materials that will
11 not be so incorporated in such facilities reported and paid by such
12 contractor to the director of taxation not later than the 20th day of the
13 month following the close of the month in which it shall be determined
14 that such materials will not be used for the purpose for which such
15 certificate was issued, such organization concerned shall be liable for tax
16 on all materials purchased for the project, and upon payment thereof it
17 may recover the same from the contractor together with reasonable
18 attorney fees. Any contractor or any agent, employee or subcontractor
19 thereof, who shall use or otherwise dispose of any materials purchased
20 under such a certificate for any purpose other than that for which such a
21 certificate is issued without the payment of the sales or compensating tax
22 otherwise imposed upon such materials, shall be guilty of a misdemeanor
23 and, upon conviction therefor, shall be subject to the penalties provided for
24 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
25 July 1, 2005, but prior to the effective date of this act upon the gross
26 receipts received from any sale exempted by the amendatory provisions of
27 this subsection shall be refunded. Each claim for a sales tax refund shall be
28 verified and submitted to the director of taxation upon forms furnished by
29 the director and shall be accompanied by any additional documentation
30 required by the director. The director shall review each claim and shall
31 refund that amount of sales tax paid as determined under the provisions of
32 this subsection. All refunds shall be paid from the sales tax refund fund
33 upon warrants of the director of accounts and reports pursuant to vouchers
34 approved by the director or the director's designee;

35 (jjj) all sales of dietary supplements dispensed pursuant to a
36 prescription order by a licensed practitioner or a mid-level practitioner as
37 defined by K.S.A. 65-1626, and amendments thereto. As used in this
38 subsection, "dietary supplement" means any product, other than tobacco,
39 intended to supplement the diet that: (1) Contains one or more of the
40 following dietary ingredients: A vitamin, a mineral, an herb or other
41 botanical, an amino acid, a dietary substance for use by humans to
42 supplement the diet by increasing the total dietary intake or a concentrate,
43 metabolite, constituent, extract or combination of any such ingredient; (2)

1 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or
2 liquid form, or if not intended for ingestion, in such a form, is not
3 represented as conventional food and is not represented for use as a sole
4 item of a meal or of the diet; and (3) is required to be labeled as a dietary
5 supplement, identifiable by the supplemental facts box found on the label
6 and as required pursuant to 21 C.F.R. § 101.36;

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

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

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

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

31 (ppp) all sales of tangible personal property and services purchased
32 by or on behalf of a homeless shelter that is exempt from federal income
33 taxation pursuant to section 501(c)(3) of the federal income tax code of
34 1986, and used by any such homeless shelter to provide emergency and
35 transitional housing for individuals and families experiencing
36 homelessness, and all sales of any such property by or on behalf of any
37 such homeless shelter for any such purpose;

38 (qqq) all sales of tangible personal property and services purchased
39 by TLC for children and families, inc., hereinafter referred to as TLC,
40 which is exempt from federal income taxation pursuant to section 501(c)
41 (3) of the federal internal revenue code of 1986, and such property and
42 services are used for the purpose of providing emergency shelter and
43 treatment for abused and neglected children as well as meeting additional

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

40 (rrr) all sales of tangible personal property and services purchased by
41 any county law library maintained pursuant to law and sales of tangible
42 personal property and services purchased by an organization that would
43 have been exempt from taxation under the provisions of this subsection if

1 purchased directly by the county law library for the purpose of providing
2 legal resources to attorneys, judges, students and the general public, and
3 all sales of any such property by or on behalf of any such county law
4 library;

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

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

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

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

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

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

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

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

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

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

40 (yyy) all sales of tangible personal property and services purchased
41 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
42 which is exempt from federal income taxation pursuant to section 501(c)
43 (3) of the federal internal revenue code of 1986, and which such property

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

42 (zzz) all sales of tangible personal property purchased by the rotary
43 club of shawnee foundation, which is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
2 as amended, used for the purpose of providing contributions to community
3 service organizations and scholarships;

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

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

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

24 (dddd) all sales of tangible personal property or services purchased
25 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
26 of which are exempt from federal income taxation pursuant to section
27 501(c)(3) of the federal internal revenue code, for the purpose of providing
28 education, training and employment opportunities for people with
29 disabilities and other barriers to employment;

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

37 (ffff) all sales of tangible personal property and services purchased by
38 sheltered living, inc., which is exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
40 and which such property and services are used for the purpose of
41 providing residential and day services for people with developmental
42 disabilities or intellectual disability, or both, and all sales of any such
43 property by or on behalf of sheltered living, inc., for any such purpose; and

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

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

42 (hhhh) all sales of tangible personal property or services purchased
43 on or after July 1, 2014, for the purpose of and in conjunction with

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

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

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

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

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

34 (llll) all sales of tangible personal property and services purchased by
35 Gove county healthcare endowment foundation, inc., which is exempt
36 from federal income taxation pursuant to section 501(c)(3) of the federal
37 internal revenue code of 1986, and which such property and services are
38 used for the purpose of constructing and equipping an airport in Quinter,
39 Kansas, and all sales of tangible personal property or services purchased
40 by a contractor for the purpose of constructing and equipping an airport in
41 Quinter, Kansas, for such organization, that would be exempt from
42 taxation under the provisions of this section if purchased directly by such
43 organization. Nothing in this subsection shall be deemed to exempt the

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

32 (mmmm) all sales of gold or silver coins; and palladium, platinum,
33 gold or silver bullion. For the purposes of this subsection, "bullion" means
34 bars, ingots or commemorative medallions of gold, silver, platinum,
35 palladium, or a combination thereof, for which the value of the metal
36 depends on its content and not the form; ~~and~~

37 (nnnn) all sales of tangible personal property or services purchased
38 by friends of hospice of Jefferson county, an organization that is exempt
39 from federal income taxation pursuant to section 501(c)(3) of the federal
40 internal revenue code of 1986, for the purpose of providing support to the
41 Jefferson county hospice agency in end-of-life care of Jefferson county
42 families, friends and neighbors, and all sales of entry or participation fees,
43 charges or tickets by friends of hospice of Jefferson county for such

1 organization's fundraising event for such purpose; and
2 (oooo) all sales of tangible personal property or services purchased
3 for the purpose of and in conjunction with constructing, reconstructing,
4 enlarging or remodeling a qualified business facility by a qualified firm or
5 qualified supplier that meets the requirements established in sections 2
6 and 10, and amendments thereto, and that has been approved for a project
7 exemption certificate by the secretary of commerce, and the sale and
8 installation of machinery and equipment purchased by such qualified firm
9 or qualified supplier for installation at any such qualified building facility.
10 When a person shall contract for the construction, reconstruction,
11 enlargement or remodeling of any such qualified building facility, such
12 person shall obtain from the state and furnish to the contractor an
13 exemption certificate for the project involved, and the contractor may
14 purchase materials, machinery and equipment for incorporation in such
15 project. The contractor shall furnish the number of such certificates to all
16 suppliers from whom such purchases are made, and such suppliers shall
17 execute invoices covering the same bearing the number of such certificate.
18 Upon completion of the project, the contractor shall furnish to the owner
19 of the qualified firm or qualified supplier a sworn statement, on a form to
20 be provided by the director of taxation, that all purchases so made were
21 entitled to exemption under this subsection. All invoices shall be held by
22 the contractor for a period of five years and shall be subject to audit by
23 the director of taxation. Any contractor or any agent, employee or
24 subcontractor thereof who shall use or otherwise dispose of any materials,
25 machinery or equipment purchased under such a certificate for any
26 purpose other than that for which such a certificate is issued without the
27 payment of the sales or compensating tax otherwise imposed thereon, shall
28 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
29 to the penalties provided for in K.S.A. 79-3615(h), and amendments
30 thereto. As used in this subsection, "qualified business facility," "qualified
31 firm" and "qualified supplier" mean the same as defined in section 1, and
32 amendments thereto.

33 Sec. 13. K.S.A. 2021 Supp. 79-3606 is hereby repealed.

34 Sec. 14. This act shall take effect and be in force from and after its
35 publication in the Kansas register.