

**SENATE BILL No. 147**

By Committee on Assessment and Taxation

2-4

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1 AN ACT concerning sales taxation; relating to exemptions; defining  
2 nonprofit integrated community care organizations and providing an  
3 exemption therefor; amending K.S.A. 79-3602 and 79-3606 and  
4 repealing the existing section.

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

7 Section 1. K.S.A. 79-3602 is hereby amended to read as follows: 79-  
8 3602. Except as otherwise provided, as used in the Kansas retailers' sales  
9 tax act:

10 (a) "Agent" means a person appointed by a seller to represent the  
11 seller before the member states.

12 (b) "Agreement" means the multistate agreement entitled the  
13 streamlined sales and use tax agreement approved by the streamlined sales  
14 tax implementing states at Chicago, Illinois on November 12, 2002.

15 (c) "Alcoholic beverages" means beverages that are suitable for  
16 human consumption and contain 0.05% or more of alcohol by volume.

17 (d) "Certified automated system (CAS)" means software certified  
18 under the agreement to calculate the tax imposed by each jurisdiction on a  
19 transaction, determine the amount of tax to remit to the appropriate state  
20 and maintain a record of the transaction.

21 (e) "Certified service provider (CSP)" means an agent certified under  
22 the agreement to perform all the seller's sales and use tax functions, other  
23 than the seller's obligation to remit tax on its own purchases.

24 (f) "Computer" means an electronic device that accepts information  
25 in digital or similar form and manipulates it for a result based on a  
26 sequence of instructions.

27 (g) "Computer software" means a set of coded instructions designed  
28 to cause a computer or automatic data processing equipment to perform a  
29 task.

30 (h) "Delivered electronically" means delivered to the purchaser by  
31 means other than tangible storage media.

32 (i) "Delivery charges" means charges by the seller of personal  
33 property or services for preparation and delivery to a location designated  
34 by the purchaser of personal property or services including, but not limited  
35 to, transportation, shipping, postage, handling, crating and packing.  
36 Delivery charges shall not include charges for delivery of direct mail if the

1 charges are separately stated on an invoice or similar billing document  
2 given to the purchaser.

3 (j) "Direct mail" means printed material delivered or distributed by  
4 United States mail or other delivery services to a mass audience or to  
5 addressees on a mailing list provided by the purchaser or at the direction of  
6 the purchaser when the cost of the items are not billed directly to the  
7 recipients. Direct mail includes tangible personal property supplied  
8 directly or indirectly by the purchaser to the direct mail seller for inclusion  
9 in the package containing the printed material. Direct mail does not  
10 include multiple items of printed material delivered to a single address.

11 (k) "Director" means the state director of taxation.

12 (l) "Educational institution" means any nonprofit school, college and  
13 university that offers education at a level above the 12<sup>th</sup> grade, and  
14 conducts regular classes and courses of study required for accreditation by,  
15 or membership in, the higher learning commission, the state board of  
16 education, or that otherwise qualify as an "educational institution," as  
17 defined by K.S.A. 74-50,103, and amendments thereto. Such phrase shall  
18 include: (1) A group of educational institutions that operates exclusively  
19 for an educational purpose; (2) nonprofit endowment associations and  
20 foundations organized and operated exclusively to receive, hold, invest  
21 and administer moneys and property as a permanent fund for the support  
22 and sole benefit of an educational institution; (3) nonprofit trusts,  
23 foundations and other entities organized and operated principally to hold  
24 and own receipts from intercollegiate sporting events and to disburse such  
25 receipts, as well as grants and gifts, in the interest of collegiate and  
26 intercollegiate athletic programs for the support and sole benefit of an  
27 educational institution; and (4) nonprofit trusts, foundations and other  
28 entities organized and operated for the primary purpose of encouraging,  
29 fostering and conducting scholarly investigations and industrial and other  
30 types of research for the support and sole benefit of an educational  
31 institution.

32 (m) "Electronic" means relating to technology having electrical,  
33 digital, magnetic, wireless, optical, electromagnetic or similar capabilities.

34 (n) "Food and food ingredients" means substances, whether in liquid,  
35 concentrated, solid, frozen, dried or dehydrated form, that are sold for  
36 ingestion or chewing by humans and are consumed for their taste or  
37 nutritional value. "Food and food ingredients" does not include alcoholic  
38 beverages or tobacco.

39 (o) "Gross receipts" means the total selling price or the amount  
40 received as defined in this act, in money, credits, property or other  
41 consideration valued in money from sales at retail within this state; and  
42 embraced within the provisions of this act. The taxpayer, may take credit  
43 in the report of gross receipts for: (1) An amount equal to the selling price

1 of property returned by the purchaser when the full sale price thereof,  
2 including the tax collected, is refunded in cash or by credit; and (2) an  
3 amount equal to the allowance given for the trade-in of property.

4 (p) "Ingredient or component part" means tangible personal property  
5 which is necessary or essential to, and which is actually used in and  
6 becomes an integral and material part of tangible personal property or  
7 services produced, manufactured or compounded for sale by the producer,  
8 manufacturer or compounder in its regular course of business. The  
9 following items of tangible personal property are hereby declared to be  
10 ingredients or component parts, but the listing of such property shall not be  
11 deemed to be exclusive nor shall such listing be construed to be a  
12 restriction upon, or an indication of, the type or types of property to be  
13 included within the definition of "ingredient or component part" as herein  
14 set forth:

15 (1) Containers, labels and shipping cases used in the distribution of  
16 property produced, manufactured or compounded for sale which are not to  
17 be returned to the producer, manufacturer or compounder for reuse.

18 (2) Containers, labels, shipping cases, paper bags, drinking straws,  
19 paper plates, paper cups, twine and wrapping paper used in the distribution  
20 and sale of property taxable under the provisions of this act by wholesalers  
21 and retailers and which is not to be returned to such wholesaler or retailer  
22 for reuse.

23 (3) Seeds and seedlings for the production of plants and plant  
24 products produced for resale.

25 (4) Paper and ink used in the publication of newspapers.

26 (5) Fertilizer used in the production of plants and plant products  
27 produced for resale.

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

34 (q) "Isolated or occasional sale" means the nonrecurring sale of  
35 tangible personal property, or services taxable hereunder by a person not  
36 engaged at the time of such sale in the business of selling such property or  
37 services. Any religious organization which makes a nonrecurring sale of  
38 tangible personal property acquired for the purpose of resale shall be  
39 deemed to be not engaged at the time of such sale in the business of selling  
40 such property. Such term shall include:

41 (1) Any sale by a bank, savings and loan institution, credit union or  
42 any finance company licensed under the provisions of the Kansas uniform  
43 consumer credit code of tangible personal property which has been

1 repossessed by any such entity; and

2 (2) any sale of tangible personal property made by an auctioneer or  
3 agent on behalf of not more than two principals or households if such sale  
4 is nonrecurring and any such principal or household is not engaged at the  
5 time of such sale in the business of selling tangible personal property.

6 (r) "Lease or rental" means any transfer of possession or control of  
7 tangible personal property for a fixed or indeterminate term for  
8 consideration. A lease or rental may include future options to purchase or  
9 extend.

10 (1) Lease or rental does not include:

11 (A) A transfer of possession or control of property under a security  
12 agreement or deferred payment plan that requires the transfer of title upon  
13 completion of the required payments;

14 (B) a transfer or possession or control of property under an agreement  
15 that requires the transfer of title upon completion of required payments and  
16 payment of an option price does not exceed the greater of \$100 or 1% of  
17 the total required payments; or

18 (C) providing tangible personal property along with an operator for a  
19 fixed or indeterminate period of time. A condition of this exclusion is that  
20 the operator is necessary for the equipment to perform as designed. For the  
21 purpose of this subsection, an operator must do more than maintain,  
22 inspect or set-up the tangible personal property.

23 (2) Lease or rental does include agreements covering motor vehicles  
24 and trailers where the amount of consideration may be increased or  
25 decreased by reference to the amount realized upon sale or disposition of  
26 the property as defined in 26 U.S.C. § 7701(h)(1).

27 (3) This definition shall be used for sales and use tax purposes  
28 regardless if a transaction is characterized as a lease or rental under  
29 generally accepted accounting principles, the internal revenue code, the  
30 uniform commercial code, K.S.A. 84-1-101 et seq., and amendments  
31 thereto, or other provisions of federal, state or local law.

32 (4) This definition will be applied only prospectively from the  
33 effective date of this act and will have no retroactive impact on existing  
34 leases or rentals.

35 (s) "Load and leave" means delivery to the purchaser by use of a  
36 tangible storage media where the tangible storage media is not physically  
37 transferred to the purchaser.

38 (t) "Member state" means a state that has entered in the agreement,  
39 pursuant to provisions of article VIII of the agreement.

40 (u) "Model 1 seller" means a seller that has selected a CSP as its  
41 agent to perform all the seller's sales and use tax functions, other than the  
42 seller's obligation to remit tax on its own purchases.

43 (v) "Model 2 seller" means a seller that has selected a CAS to

1 perform part of its sales and use tax functions, but retains responsibility for  
2 remitting the tax.

3 (w) "Model 3 seller" means a seller that has sales in at least five  
4 member states, has total annual sales revenue of at least \$500,000,000, has  
5 a proprietary system that calculates the amount of tax due each jurisdiction  
6 and has entered into a performance agreement with the member states that  
7 establishes a tax performance standard for the seller. As used in this  
8 subsection a seller includes an affiliated group of sellers using the same  
9 proprietary system.

10 (x) "Municipal corporation" means any city incorporated under the  
11 laws of Kansas.

12 (y) "Nonprofit blood bank" means any nonprofit place, organization,  
13 institution or establishment that is operated wholly or in part for the  
14 purpose of obtaining, storing, processing, preparing for transfusing,  
15 furnishing, donating or distributing human blood or parts or fractions of  
16 single blood units or products derived from single blood units, whether or  
17 not any remuneration is paid therefor, or whether such procedures are done  
18 for direct therapeutic use or for storage for future use of such products.

19 (z) "Persons" means any individual, firm, copartnership, joint  
20 adventure, association, corporation, estate or trust, receiver or trustee, or  
21 any group or combination acting as a unit, and the plural as well as the  
22 singular number; and shall specifically mean any city or other political  
23 subdivision of the state of Kansas engaging in a business or providing a  
24 service specifically taxable under the provisions of this act.

25 (aa) "Political subdivision" means any municipality, agency or  
26 subdivision of the state which is, or shall hereafter be, authorized to levy  
27 taxes upon tangible property within the state or which certifies a levy to a  
28 municipality, agency or subdivision of the state which is, or shall hereafter  
29 be, authorized to levy taxes upon tangible property within the state. Such  
30 term also shall include any public building commission, housing, airport,  
31 port, metropolitan transit or similar authority established pursuant to law  
32 and the horsethief reservoir benefit district established pursuant to K.S.A.  
33 82a-2201, and amendments thereto.

34 (bb) "Prescription" means an order, formula or recipe issued in any  
35 form of oral, written, electronic or other means of transmission by a duly  
36 licensed practitioner authorized by the laws of this state.

37 (cc) "Prewritten computer software" means computer software,  
38 including prewritten upgrades, which is not designed and developed by the  
39 author or other creator to the specifications of a specific purchaser. The  
40 combining of two or more prewritten computer software programs or  
41 prewritten portions thereof does not cause the combination to be other than  
42 prewritten computer software. Prewritten computer software includes  
43 software designed and developed by the author or other creator to the

1 specifications of a specific purchaser when it is sold to a person other than  
2 the purchaser. Where a person modifies or enhances computer software of  
3 which the person is not the author or creator, the person shall be deemed to  
4 be the author or creator only of such person's modifications or  
5 enhancements. Prewritten computer software or a prewritten portion  
6 thereof that is modified or enhanced to any degree, where such  
7 modification or enhancement is designed and developed to the  
8 specifications of a specific purchaser, remains prewritten computer  
9 software, except that where there is a reasonable, separately stated charge  
10 or an invoice or other statement of the price given to the purchaser for  
11 such modification or enhancement, such modification or enhancement  
12 shall not constitute prewritten computer software.

13 (dd) "Property which is consumed" means tangible personal property  
14 which is essential or necessary to and which is used in the actual process  
15 of and consumed, depleted or dissipated within one year in:

16 (1) The production, manufacture, processing, mining, drilling,  
17 refining or compounding of tangible personal property;

18 (2) the providing of services;

19 (3) the irrigation of crops, for sale in the regular course of business;  
20 or

21 (4) the storage or processing of grain by a public grain warehouse or  
22 other grain storage facility, and which is not reusable for such purpose.  
23 The following is a listing of tangible personal property, included by way of  
24 illustration but not of limitation, which qualifies as property which is  
25 consumed:

26 (A) Insecticides, herbicides, germicides, pesticides, fungicides,  
27 fumigants, antibiotics, biologicals, pharmaceuticals, vitamins and  
28 chemicals for use in commercial or agricultural production, processing or  
29 storage of fruit, vegetables, feeds, seeds, grains, animals or animal  
30 products whether fed, injected, applied, combined with or otherwise used;

31 (B) electricity, gas and water; and

32 (C) petroleum products, lubricants, chemicals, solvents, reagents and  
33 catalysts.

34 (ee) "Purchase price" applies to the measure subject to use tax and  
35 has the same meaning as sales price.

36 (ff) "Purchaser" means a person to whom a sale of personal property  
37 is made or to whom a service is furnished.

38 (gg) "Quasi-municipal corporation" means any county, township,  
39 school district, drainage district or any other governmental subdivision in  
40 the state of Kansas having authority to receive or hold moneys or funds.

41 (hh) "Registered under this agreement" means registration by a seller  
42 with the member states under the central registration system provided in  
43 article IV of the agreement.

1 (ii) "Retailer" means a seller regularly engaged in the business of  
2 selling, leasing or renting tangible personal property at retail or furnishing  
3 electrical energy, gas, water, services or entertainment, and selling only to  
4 the user or consumer and not for resale.

5 (jj) "Retail sale" or "sale at retail" means any sale, lease or rental for  
6 any purpose other than for resale, sublease or subrent.

7 (kk) "Sale" or "sales" means the exchange of tangible personal  
8 property, as well as the sale thereof for money, and every transaction,  
9 conditional or otherwise, for a consideration, constituting a sale, including  
10 the sale or furnishing of electrical energy, gas, water, services or  
11 entertainment taxable under the terms of this act and including, except as  
12 provided in the following provision, the sale of the use of tangible personal  
13 property by way of a lease, license to use or the rental thereof regardless of  
14 the method by which the title, possession or right to use the tangible  
15 personal property is transferred. The term "sale" or "sales" shall not mean  
16 the sale of the use of any tangible personal property used as a dwelling by  
17 way of a lease or rental thereof for a term of more than 28 consecutive  
18 days.

19 (ll) (1) "Sales or selling price" applies to the measure subject to sales  
20 tax and means the total amount of consideration, including cash, credit,  
21 property and services, for which personal property or services are sold,  
22 leased or rented, valued in money, whether received in money or  
23 otherwise, without any deduction for the following:

24 (A) The seller's cost of the property sold;

25 (B) the cost of materials used, labor or service cost, interest, losses,  
26 all costs of transportation to the seller, all taxes imposed on the seller and  
27 any other expense of the seller;

28 (C) charges by the seller for any services necessary to complete the  
29 sale, other than delivery and installation charges;

30 (D) delivery charges; and

31 (E) installation charges.

32 (2) "Sales or selling price" includes consideration received by the  
33 seller from third parties if:

34 (A) The seller actually receives consideration from a party other than  
35 the purchaser and the consideration is directly related to a price reduction  
36 or discount on the sale;

37 (B) the seller has an obligation to pass the price reduction or discount  
38 through to the purchaser;

39 (C) the amount of the consideration attributable to the sale is fixed  
40 and determinable by the seller at the time of the sale of the item to the  
41 purchaser; and

42 (D) one of the following criteria is met:

43 (i) The purchaser presents a coupon, certificate or other

1 documentation to the seller to claim a price reduction or discount where  
2 the coupon, certificate or documentation is authorized, distributed or  
3 granted by a third party with the understanding that the third party will  
4 reimburse any seller to whom the coupon, certificate or documentation is  
5 presented;

6 (ii) the purchaser identifies to the seller that the purchaser is a  
7 member of a group or organization entitled to a price reduction or  
8 discount. A preferred customer card that is available to any patron does not  
9 constitute membership in such a group; or

10 (iii) the price reduction or discount is identified as a third party price  
11 reduction or discount on the invoice received by the purchaser or on a  
12 coupon, certificate or other documentation presented by the purchaser.

13 (3) "Sales or selling price" shall not include:

14 (A) Discounts, including cash, term or coupons that are not  
15 reimbursed by a third party that are allowed by a seller and taken by a  
16 purchaser on a sale;

17 (B) interest, financing and carrying charges from credit extended on  
18 the sale of personal property or services, if the amount is separately stated  
19 on the invoice, bill of sale or similar document given to the purchaser;

20 (C) any taxes legally imposed directly on the consumer that are  
21 separately stated on the invoice, bill of sale or similar document given to  
22 the purchaser;

23 (D) the amount equal to the allowance given for the trade-in of  
24 property, if separately stated on the invoice, billing or similar document  
25 given to the purchaser; and

26 (E) commencing on July 1, 2018, and ending on June 30, 2021, cash  
27 rebates granted by a manufacturer to a purchaser or lessee of a new motor  
28 vehicle if paid directly to the retailer as a result of the original sale.

29 (mm) "Seller" means a person making sales, leases or rentals of  
30 personal property or services.

31 (nn) "Service" means those services described in and taxed under the  
32 provisions of K.S.A. 79-3603, and amendments thereto.

33 (oo) "Sourcing rules" means the rules set forth in K.S.A. *12-191, 12-*  
34 *191a and 79-3670 through 79-3673, ~~K.S.A. 12-191 and 12-191a,~~* and  
35 amendments thereto, which shall apply to identify and determine the state  
36 and local taxing jurisdiction sales or use taxes to pay, or collect and remit  
37 on a particular retail sale.

38 (pp) "Tangible personal property" means personal property that can  
39 be seen, weighed, measured, felt or touched, or that is in any other manner  
40 perceptible to the senses. Tangible personal property includes electricity,  
41 water, gas, steam and prewritten computer software.

42 (qq) "Taxpayer" means any person obligated to account to the  
43 director for taxes collected under the terms of this act.



1 (rr) "Tobacco" means cigarettes, cigars, chewing or pipe tobacco or  
2 any other item that contains tobacco.

3 (ss) "Entity-based exemption" means an exemption based on who  
4 purchases the product or who sells the product. An exemption that is  
5 available to all individuals shall not be considered an entity-based  
6 exemption.

7 (tt) "Over-the-counter drug" means a drug that contains a label that  
8 identifies the product as a drug as required by 21 C.F.R. § 201.66. The  
9 over-the-counter drug label includes: (1) A drug facts panel; or (2) a  
10 statement of the active ingredients with a list of those ingredients  
11 contained in the compound, substance or preparation. Over-the-counter  
12 drugs do not include grooming and hygiene products such as soaps,  
13 cleaning solutions, shampoo, toothpaste, antiperspirants and sun tan  
14 lotions and screens.

15 (uu) "Ancillary services" means services that are associated with or  
16 incidental to the provision of telecommunications services, including, but  
17 not limited to, detailed telecommunications billing, directory assistance,  
18 vertical service and voice mail services.

19 (vv) "Conference bridging service" means an ancillary service that  
20 links two or more participants of an audio or video conference call and  
21 may include the provision of a telephone number. "Conference bridging  
22 service" does not include the telecommunications services used to reach  
23 the conference bridge.

24 (ww) "Detailed telecommunications billing service" means an  
25 ancillary service of separately stating information pertaining to individual  
26 calls on a customer's billing statement.

27 (xx) "Directory assistance" means an ancillary service of providing  
28 telephone number information or address information, or both.

29 (yy) "Vertical service" means an ancillary service that is offered in  
30 connection with one or more telecommunications services, which offers  
31 advanced calling features that allow customers to identify callers and to  
32 manage multiple calls and call connections, including conference bridging  
33 services.

34 (zz) "Voice mail service" means an ancillary service that enables the  
35 customer to store, send or receive recorded messages. Voice mail service  
36 does not include any vertical services that the customer may be required to  
37 have in order to utilize the voice mail service.

38 (aaa) "Telecommunications service" means the electronic  
39 transmission, conveyance or routing of voice, data, audio, video or any  
40 other information or signals to a point, or between or among points. The  
41 term telecommunications service includes such transmission, conveyance  
42 or routing in which computer processing applications are used to act on the  
43 form, code or protocol of the content for purposes of transmissions,

1 conveyance or routing without regard to whether such service is referred to  
2 as voice over internet protocol services or is classified by the federal  
3 communications commission as enhanced or value added.

4 Telecommunications service does not include:

5 (1) Data processing and information services that allow data to be  
6 generated, acquired, stored, processed or retrieved and delivered by an  
7 electronic transmission to a purchaser where such purchaser's primary  
8 purpose for the underlying transaction is the processed data or  
9 information;

10 (2) installation or maintenance of wiring or equipment on a  
11 customer's premises;

12 (3) tangible personal property;

13 (4) advertising, including, but not limited to, directory advertising;

14 (5) billing and collection services provided to third parties;

15 (6) internet access service;

16 (7) radio and television audio and video programming services,  
17 regardless of the medium, including the furnishing of transmission,  
18 conveyance and routing of such services by the programming service  
19 provider. Radio and television audio and video programming services shall  
20 include, but not be limited to, cable service as defined in 47 U.S.C. §  
21 522(6) and audio and video programming services delivered by  
22 commercial mobile radio service providers, as defined in 47 C.F.R. § 20.3;

23 (8) ancillary services; or

24 (9) digital products delivered electronically, including, but not limited  
25 to, software, music, video, reading materials or ring tones.

26 (bbb) "800 service" means a telecommunications service that allows a  
27 caller to dial a toll-free number without incurring a charge for the call. The  
28 service is typically marketed under the name 800, 855, 866, 877 and 888  
29 toll-free calling, and any subsequent numbers designated by the federal  
30 communications commission.

31 (ccc) "900 service" means an inbound toll telecommunications  
32 service purchased by a subscriber that allows the subscriber's customers to  
33 call in to the subscriber's prerecorded announcement or live service. 900  
34 service does not include the charge for collection services provided by the  
35 seller of the telecommunications services to the subscriber, or service or  
36 product sold by the subscriber to the subscriber's customer. The service is  
37 typically marketed under the name 900 service, and any subsequent  
38 numbers designated by the federal communications commission.

39 (ddd) "Value-added non-voice data service" means a service that  
40 otherwise meets the definition of telecommunications services in which  
41 computer processing applications are used to act on the form, content,  
42 code or protocol of the information or data primarily for a purpose other  
43 than transmission, conveyance or routing.

1 (eee) "International" means a telecommunications service that  
2 originates or terminates in the United States and terminates or originates  
3 outside the United States, respectively. United States includes the District  
4 of Columbia or a U.S. territory or possession.

5 (fff) "Interstate" means a telecommunications service that originates  
6 in one United States state, or a United States territory or possession, and  
7 terminates in a different United States state or a United States territory or  
8 possession.

9 (ggg) "Intrastate" means a telecommunications service that originates  
10 in one United States state or a United States territory or possession, and  
11 terminates in the same United States state or a United States territory or  
12 possession.

13 (hhh) "Cereal malt beverage" shall have the same meaning as such  
14 term is defined in K.S.A. 41-2701, and amendments thereto, except that  
15 for the purposes of the Kansas retailers sales tax act and for no other  
16 purpose, such term shall include beer containing not more than 6% alcohol  
17 by volume when such beer is sold by a retailer licensed under the Kansas  
18 cereal malt beverage act.

19 (iii) *"Nonprofit integrated community care organization" means an*  
20 *entity that is:*

21 (1) *Exempt from federal income taxation pursuant to section 501(c)*  
22 *(3) of the federal internal revenue code of 1986;*

23 (2) *certified to participate in the medicare program as a hospice*  
24 *under 42 C.F.R. § 418 et seq. and focused on providing care to the aging*  
25 *and indigent population at home and through inpatient care, adult daycare*  
26 *or assisted living facilities, and related facilities and services across*  
27 *multiple counties; and*

28 (3) *approved by the Kansas department for aging and disability*  
29 *services as an organization providing services under the program of all-*  
30 *inclusive care for the elderly as defined in 42 U.S.C. § 1396u-4 and*  
31 *regulations implementing such section.*

32 Sec. 2. K.S.A. 79-3606 is hereby amended to read as follows: 79-  
33 3606. The following shall be exempt from the tax imposed by this act:

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

1 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
2 thereto, and gross receipts from regulated sports contests taxed pursuant to  
3 the Kansas professional regulated sports act, and amendments thereto;

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

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

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

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

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

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

1 subject to the penalties provided for in K.S.A. 79-3615(h), and  
2 amendments thereto;

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

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

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

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

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

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

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

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

42 (n) all sales of tangible personal property that is consumed in the  
43 production, manufacture, processing, mining, drilling, refining or

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

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

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

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

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



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

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

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

1 include the operation of a feedlot and farm and ranch work for hire and the  
2 operation of a nursery;

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

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

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

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

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

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

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

1 liquids or natural gas by means of pipeline in interstate or foreign  
2 commerce under authority of the laws of the United States;

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

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

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

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

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

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

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

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

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

40 (jj) all sales of tangible personal property or services, including the  
41 renting and leasing of tangible personal property, purchased directly on  
42 behalf of a community-based facility for people with intellectual disability  
43 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and

1 amendments thereto, and licensed in accordance with the provisions of  
2 K.S.A. 2020 Supp. 39-2001 et seq., and amendments thereto, and all sales  
3 of tangible personal property or services purchased by contractors during  
4 the time period from July, 2003, through June, 2006, for the purpose of  
5 constructing, equipping, maintaining or furnishing a new facility for a  
6 community-based facility for people with intellectual disability or mental  
7 health center located in Riverton, Cherokee County, Kansas, that would  
8 have been eligible for sales tax exemption pursuant to this subsection if  
9 purchased directly by such facility or center. This exemption shall not  
10 apply to tangible personal property customarily used for human habitation  
11 purposes;

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

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

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

19 (2) For purposes of this subsection:

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

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

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

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

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

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

43 (3) For purposes of this subsection, machinery and equipment shall

1 be deemed to be used as an integral or essential part of an integrated  
2 production operation when used:

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (4) The following machinery, equipment and materials shall be  
43 deemed to be exempt even though it may not otherwise qualify as

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

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

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

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

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

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

42 (E) furniture and other furnishings;

43 (F) buildings, other than exempt machinery and equipment that is



1 permanently affixed to or becomes a physical part of the building, and any  
2 other part of real estate that is not otherwise exempt;

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

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

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

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

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

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

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

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

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

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

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

42 (qq) all sales of tangible personal property and services purchased by  
43 a nonprofit museum or historical society or any combination thereof,

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

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

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

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

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

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

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

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

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

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

1 training;

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

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

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

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

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

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

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

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

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

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

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

- 1 (16) the lyme association of greater Kansas City, Inc., for the purpose  
2 of providing support to persons with lyme disease and public education  
3 relating to the prevention, treatment and cure of lyme disease;
- 4 (17) the dream factory, inc., for the purpose of granting the dreams of  
5 children with critical and chronic illnesses;
- 6 (18) the Ottawa Suzuki strings, inc., for the purpose of providing  
7 students and families with education and resources necessary to enable  
8 each child to develop fine character and musical ability to the fullest  
9 potential;
- 10 (19) the international association of lions clubs for the purpose of  
11 creating and fostering a spirit of understanding among all people for  
12 humanitarian needs by providing voluntary services through community  
13 involvement and international cooperation;
- 14 (20) the Johnson county young matrons, inc., for the purpose of  
15 promoting a positive future for members of the community through  
16 volunteerism, financial support and education through the efforts of an all  
17 volunteer organization;
- 18 (21) the American cancer society, inc., for the purpose of eliminating  
19 cancer as a major health problem by preventing cancer, saving lives and  
20 diminishing suffering from cancer, through research, education, advocacy  
21 and service;
- 22 (22) the community services of Shawnee, inc., for the purpose of  
23 providing food and clothing to those in need;
- 24 (23) the angel babies association, for the purpose of providing  
25 assistance, support and items of necessity to teenage mothers and their  
26 babies; and
- 27 (24) the Kansas fairgrounds foundation for the purpose of the  
28 preservation, renovation and beautification of the Kansas state fairgrounds;
- 29 (ww) all sales of tangible personal property purchased by the habitat  
30 for humanity for the exclusive use of being incorporated within a housing  
31 project constructed by such organization;
- 32 (xx) all sales of tangible personal property and services purchased by  
33 a nonprofit zoo that is exempt from federal income taxation pursuant to  
34 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
35 of such zoo by an entity itself exempt from federal income taxation  
36 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
37 contracted with to operate such zoo and all sales of tangible personal  
38 property or services purchased by a contractor for the purpose of  
39 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
40 furnishing or remodeling facilities for any nonprofit zoo that would be  
41 exempt from taxation under the provisions of this section if purchased  
42 directly by such nonprofit zoo or the entity operating such zoo. Nothing in  
43 this subsection shall be deemed to exempt the purchase of any construction

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

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

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

1 essential or necessary for the purpose of producing a broadcast signal or is  
2 such that the failure of the electricity would cause broadcasting to cease;

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

41 (zzz) all sales of tangible personal property purchased by the rotary  
42 club of shawnee foundation, which is exempt from federal income taxation  
43 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,

1 as amended, used for the purpose of providing contributions to community  
2 service organizations and scholarships;

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

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

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

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

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

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

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

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

41 (hhhh) all sales of tangible personal property or services purchased  
42 on or after July 1, 2014, for the purpose of and in conjunction with  
43 constructing, reconstructing, enlarging or remodeling a business identified

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

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

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

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

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

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

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

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

36 Sec. 3. K.S.A. 79-3602 and 79-3606 are hereby repealed.

37 Sec. 4. This act shall take effect and be in force from and after its  
38 publication in the statute book.