

HOUSE BILL No. 2662

By Committee on Taxation

Requested by Representative Moser on behalf of the Kansas Fairgrounds
Foundation

2-1

1 AN ACT concerning taxation; relating to sales and compensating use tax;
2 providing for a sales tax exemption for purchases of construction
3 materials by a contractor for the Kansas fairgrounds foundation;
4 amending K.S.A. 2023 Supp. 79-3606 and repealing the existing
5 section.
6

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

8 Section 1. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as
9 follows: 79-3606. The following shall be exempt from the tax imposed by
10 this act:

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

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

1 tangible personal property or service are used or proposed to be used in
2 such business; or (2) such political subdivision is engaged or proposes to
3 engage in the business of furnishing gas, electricity or heat to others and
4 such items of personal property or service are used or proposed to be used
5 in such business;

6 (c) all sales of tangible personal property or services, including the
7 renting and leasing of tangible personal property, purchased directly by a
8 public or private elementary or secondary school or public or private
9 nonprofit educational institution and used primarily by such school or
10 institution for nonsectarian programs and activities provided or sponsored
11 by such school or institution or in the erection, repair or enlargement of
12 buildings to be used for such purposes. The exemption herein provided
13 shall not apply to erection, construction, repair, enlargement or equipment
14 of buildings used primarily for human habitation, except that such
15 exemption shall apply to the erection, construction, repair, enlargement or
16 equipment of buildings used for human habitation by the cerebral palsy
17 research foundation of Kansas located in Wichita, Kansas, and multi
18 community diversified services, incorporated, located in McPherson,
19 Kansas;

20 (d) all sales of tangible personal property or services purchased by a
21 contractor for the purpose of constructing, equipping, reconstructing,
22 maintaining, repairing, enlarging, furnishing or remodeling facilities for
23 any public or private nonprofit hospital or public hospital authority, public
24 or private elementary or secondary school, a public or private nonprofit
25 educational institution, state correctional institution including a privately
26 constructed correctional institution contracted for state use and ownership,
27 that would be exempt from taxation under the provisions of this act if
28 purchased directly by such hospital or public hospital authority, school,
29 educational institution or a state correctional institution; and all sales of
30 tangible personal property or services purchased by a contractor for the
31 purpose of constructing, equipping, reconstructing, maintaining, repairing,
32 enlarging, furnishing or remodeling facilities for any political subdivision
33 of the state or district described in subsection (s), the total cost of which is
34 paid from funds of such political subdivision or district and that would be
35 exempt from taxation under the provisions of this act if purchased directly
36 by such political subdivision or district. Nothing in this subsection or in
37 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
38 deemed to exempt the purchase of any construction machinery, equipment
39 or tools used in the constructing, equipping, reconstructing, maintaining,
40 repairing, enlarging, furnishing or remodeling facilities for any political
41 subdivision of the state or any such district. As used in this subsection,
42 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
43 political subdivision" shall mean general tax revenues, the proceeds of any

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

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

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

37 (f) tangible personal property purchased by a railroad or public utility
38 for consumption or movement directly and immediately in interstate
39 commerce;

40 (g) sales of aircraft including remanufactured and modified aircraft
41 sold to persons using directly or through an authorized agent such aircraft
42 as certified or licensed carriers of persons or property in interstate or
43 foreign commerce under authority of the laws of the United States or any

1 foreign government or sold to any foreign government or agency or
2 instrumentality of such foreign government and all sales of aircraft for use
3 outside of the United States and sales of aircraft repair, modification and
4 replacement parts and sales of services employed in the remanufacture,
5 modification and repair of aircraft;

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

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

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

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

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

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

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

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

7 (p) all sales of drugs dispensed pursuant to a prescription order by a
8 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
9 1626, and amendments thereto. As used in this subsection, "drug" means a
10 compound, substance or preparation and any component of a compound,
11 substance or preparation, other than food and food ingredients, dietary
12 supplements or alcoholic beverages, recognized in the official United
13 States pharmacopeia, official homeopathic pharmacopoeia of the United
14 States or official national formulary, and supplement to any of them,
15 intended for use in the diagnosis, cure, mitigation, treatment or prevention
16 of disease or intended to affect the structure or any function of the body,
17 except that for taxable years commencing after December 31, 2013, this
18 subsection shall not apply to any sales of drugs used in the performance or
19 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
20 thereto;

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

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

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

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

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

40 (v) all sales of tangible personal property to any contractor for use in
41 preparing meals for delivery to homebound elderly persons over 60 years
42 of age and to homebound disabled persons or to be served at a group-
43 sitting at a location outside of the home to otherwise homebound elderly

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

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

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

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

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

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

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

42 (cc) all sales of tangible personal property or services purchased prior
43 to January 1, 2012, except as otherwise provided, for the purpose of and in

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

43 (dd) all sales of tangible personal property purchased with food

- 1 stamps issued by the United States department of agriculture;
- 2 (ee) all sales of lottery tickets and shares made as part of a lottery
3 operated by the state of Kansas;
- 4 (ff) on and after July 1, 1988, all sales of new mobile homes or
5 manufactured homes to the extent of 40% of the gross receipts, determined
6 without regard to any trade-in allowance, received from such sale. As used
7 in this subsection, "mobile homes" and "manufactured homes" mean the
8 same as defined in K.S.A. 58-4202, and amendments thereto;
- 9 (gg) all sales of tangible personal property purchased in accordance
10 with vouchers issued pursuant to the federal special supplemental food
11 program for women, infants and children;
- 12 (hh) all sales of medical supplies and equipment, including durable
13 medical equipment, purchased directly by a nonprofit skilled nursing home
14 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
15 and amendments thereto, for the purpose of providing medical services to
16 residents thereof. This exemption shall not apply to tangible personal
17 property customarily used for human habitation purposes. As used in this
18 subsection, "durable medical equipment" means equipment including
19 repair and replacement parts for such equipment, that can withstand
20 repeated use, is primarily and customarily used to serve a medical purpose,
21 generally is not useful to a person in the absence of illness or injury and is
22 not worn in or on the body, but does not include mobility enhancing
23 equipment as defined in subsection (r), oxygen delivery equipment, kidney
24 dialysis equipment or enteral feeding systems;
- 25 (ii) all sales of tangible personal property purchased directly by a
26 nonprofit organization for nonsectarian comprehensive multidiscipline
27 youth development programs and activities provided or sponsored by such
28 organization, and all sales of tangible personal property by or on behalf of
29 any such organization. This exemption shall not apply to tangible personal
30 property customarily used for human habitation purposes;
- 31 (jj) all sales of tangible personal property or services, including the
32 renting and leasing of tangible personal property, purchased directly on
33 behalf of a community-based facility for people with intellectual disability
34 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
35 amendments thereto, and licensed in accordance with the provisions of
36 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
37 personal property or services purchased by contractors during the time
38 period from July, 2003, through June, 2006, for the purpose of
39 constructing, equipping, maintaining or furnishing a new facility for a
40 community-based facility for people with intellectual disability or mental
41 health center located in Riverton, Cherokee County, Kansas, that would
42 have been eligible for sales tax exemption pursuant to this subsection if
43 purchased directly by such facility or center. This exemption shall not

1 apply to tangible personal property customarily used for human habitation
2 purposes;

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

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

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

10 (2) For purposes of this subsection:

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

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

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

35 (D) "manufacturing or processing business" means a business that
36 utilizes an integrated production operation to manufacture, process,
37 fabricate, finish or assemble items for wholesale and retail distribution as
38 part of what is commonly regarded by the general public as an industrial
39 manufacturing or processing operation or an agricultural commodity
40 processing operation. (i) Industrial manufacturing or processing operations
41 include, by way of illustration but not of limitation, the fabrication of
42 automobiles, airplanes, machinery or transportation equipment, the
43 fabrication of metal, plastic, wood or paper products, electricity power

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

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

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

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

37 (A) Receive, transport, convey, handle, treat or store raw materials in
38 preparation of its placement on the production line;

39 (B) transport, convey, handle or store the property undergoing
40 manufacturing or processing at any point from the beginning of the
41 production line through any warehousing or distribution operation of the
42 final product that occurs at the plant or facility;

43 (C) act upon, effect, promote or otherwise facilitate a physical change

1 to the property undergoing manufacturing or processing;

2 (D) guide, control or direct the movement of property undergoing
3 manufacturing or processing;

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

7 (F) plan, manage, control or record the receipt and flow of inventories
8 of raw materials, consumables and component parts, the flow of the
9 property undergoing manufacturing or processing and the management of
10 inventories of the finished product;

11 (G) produce energy for, lubricate, control the operating of or
12 otherwise enable the functioning of other production machinery and
13 equipment and the continuation of production operations;

14 (H) package the property being manufactured or processed in a
15 container or wrapping in which such property is normally sold or
16 transported;

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

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

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

29 (L) treat, transport or store waste or other byproducts of production
30 operations at the plant or facility; or

31 (M) control pollution at the plant or facility where the pollution is
32 produced by the manufacturing or processing operation.

33 (4) The following machinery, equipment and materials shall be
34 deemed to be exempt even though it may not otherwise qualify as
35 machinery and equipment used as an integral or essential part of an
36 integrated production operation: (A) Computers and related peripheral
37 equipment that are utilized by a manufacturing or processing business for
38 engineering of the finished product or for research and development or
39 product design; (B) machinery and equipment that is utilized by a
40 manufacturing or processing business to manufacture or rebuild tangible
41 personal property that is used in manufacturing or processing operations,
42 including tools, dies, molds, forms and other parts of qualifying machinery
43 and equipment; (C) portable plants for aggregate concrete, bulk cement

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

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

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

22 (B) machinery, equipment and tools used primarily in maintaining
23 and repairing any type of machinery and equipment or the building and
24 plant;

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

30 (D) office machines and equipment including computers and related
31 peripheral equipment not used directly and primarily to control or measure
32 the manufacturing process;

33 (E) furniture and other furnishings;

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

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

40 (H) machinery and equipment used for general plant heating, cooling
41 and lighting;

42 (I) motor vehicles that are registered for operation on public
43 highways; or

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

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

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

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

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

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

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

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

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

40 (rr) all sales of tangible personal property that will admit the
41 purchaser thereof to any annual event sponsored by a nonprofit
42 organization that is exempt from federal income taxation pursuant to
43 section 501(c)(3) of the federal internal revenue code of 1986, except that

1 for taxable years commencing after December 31, 2013, this subsection
2 shall not apply to any sales of such tangible personal property purchased
3 by a nonprofit organization which performs any abortion, as defined in
4 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

41 (6) the Kansas chapters of the Alzheimer's disease and related
42 disorders association, inc. for the purpose of providing assistance and
43 support to persons in Kansas with Alzheimer's disease, and their families

1 and caregivers;

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

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

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

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

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

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

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

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

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

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

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

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

1 (19) the international association of lions clubs for the purpose of
2 creating and fostering a spirit of understanding among all people for
3 humanitarian needs by providing voluntary services through community
4 involvement and international cooperation;

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

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

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

15 (23) the angel babies association, for the purpose of providing
16 assistance, support and items of necessity to teenage mothers and their
17 babies; and

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

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

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

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

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

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

37 (aaa) all sales of tangible personal property and services purchased by
38 a religious organization that is exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code, and used
40 exclusively for religious purposes, and all sales of tangible personal
41 property or services purchased by a contractor for the purpose of
42 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
43 furnishing or remodeling facilities for any such organization that would be

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

1 paid from the sales tax refund fund upon warrants of the director of
2 accounts and reports pursuant to vouchers approved by the director or the
3 director's designee;

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

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

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

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

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

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

1 storage, grain refining or processing, or other grain treatment operation;

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

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

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

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

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

40 (lll) all sales of tangible personal property and services purchased by
41 special olympics Kansas, inc. for the purpose of providing year-round
42 sports training and athletic competition in a variety of olympic-type sports
43 for individuals with intellectual disabilities by giving them continuing

1 opportunities to develop physical fitness, demonstrate courage, experience
2 joy and participate in a sharing of gifts, skills and friendship with their
3 families, other special olympics athletes and the community, and activities
4 provided or sponsored by such organization, and all sales of tangible
5 personal property by or on behalf of any such organization;

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

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

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

21 (ppp) all sales of tangible personal property and services purchased
22 by or on behalf of a homeless shelter that is exempt from federal income
23 taxation pursuant to section 501(c)(3) of the federal income tax code of
24 1986, and used by any such homeless shelter to provide emergency and
25 transitional housing for individuals and families experiencing
26 homelessness, and all sales of any such property by or on behalf of any
27 such homeless shelter for any such purpose;

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

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

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

38 (sss) all sales of tangible personal property and services purchased by
39 catholic charities or youthville, hereinafter referred to as charitable family
40 providers, which is exempt from federal income taxation pursuant to
41 section 501(c)(3) of the federal internal revenue code of 1986, and which
42 such property and services are used for the purpose of providing
43 emergency shelter and treatment for abused and neglected children as well

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

1 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
2 remodeling a home or facility owned by a nonprofit museum that has been
3 granted an exemption pursuant to subsection (qq), which such home or
4 facility is located in a city that has been designated as a qualified
5 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
6 amendments thereto, and which such project is related to the purposes of
7 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
8 exempt from taxation under the provisions of this section if purchased
9 directly by such nonprofit museum. Nothing in this subsection shall be
10 deemed to exempt the purchase of any construction machinery, equipment
11 or tools used in the restoring, constructing, equipping, reconstructing,
12 maintaining, repairing, enlarging, furnishing or remodeling a home or
13 facility for any such nonprofit museum. When any such nonprofit museum
14 shall contract for the purpose of restoring, constructing, equipping,
15 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
16 a home or facility, it shall obtain from the state and furnish to the
17 contractor an exemption certificate for the project involved, and the
18 contractor may purchase materials for incorporation in such project. The
19 contractor shall furnish the number of such certificates to all suppliers
20 from whom such purchases are made, and such suppliers shall execute
21 invoices covering the same bearing the number of such certificate. Upon
22 completion of the project, the contractor shall furnish to such nonprofit
23 museum a sworn statement on a form to be provided by the director of
24 taxation that all purchases so made were entitled to exemption under this
25 subsection. All invoices shall be held by the contractor for a period of five
26 years and shall be subject to audit by the director of taxation. If any
27 materials purchased under such a certificate are found not to have been
28 incorporated in the building or other project or not to have been returned
29 for credit or the sales or compensating tax otherwise imposed upon such
30 materials that will not be so incorporated in a home or facility or other
31 project reported and paid by such contractor to the director of taxation not
32 later than the 20th day of the month following the close of the month in
33 which it shall be determined that such materials will not be used for the
34 purpose for which such certificate was issued, such nonprofit museum
35 shall be liable for tax on all materials purchased for the project, and upon
36 payment thereof it may recover the same from the contractor together with
37 reasonable attorney fees. Any contractor or any agent, employee or
38 subcontractor thereof, who shall use or otherwise dispose of any materials
39 purchased under such a certificate for any purpose other than that for
40 which such a certificate is issued without the payment of the sales or
41 compensating tax otherwise imposed upon such materials, shall be guilty
42 of a misdemeanor and, upon conviction therefor, shall be subject to the
43 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

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

30 (yyy) all sales of tangible personal property and services purchased
31 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
32 which is exempt from federal income taxation pursuant to section 501(c)
33 (3) of the federal internal revenue code of 1986, and which such property
34 and services are used for the purpose of encouraging private philanthropy
35 to further the vision, values, and goals of TLC for children and families,
36 inc.; and all sales of such property and services by or on behalf of TLC
37 charities for any such purpose and all sales of tangible personal property or
38 services purchased by a contractor for the purpose of constructing,
39 maintaining, repairing, enlarging, furnishing or remodeling facilities for
40 the operation of services for TLC charities for any such purpose that would
41 be exempt from taxation under the provisions of this section if purchased
42 directly by TLC charities. Nothing in this subsection shall be deemed to
43 exempt the purchase of any construction machinery, equipment or tools

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

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

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

43 (bbbb) all sales of entry or participation fees, charges or tickets by

1 Guadalupe health foundation, which is exempt from federal income
2 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
3 for such organization's annual fundraising event which purpose is to
4 provide health care services for uninsured workers;

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

14 (dddd) all sales of tangible personal property or services purchased
15 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
16 of which are exempt from federal income taxation pursuant to section
17 501(c)(3) of the federal internal revenue code, for the purpose of providing
18 education, training and employment opportunities for people with
19 disabilities and other barriers to employment;

20 (eeee) all sales of tangible personal property or services purchased by
21 or on behalf of all American beef battalion, inc., 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 educating, promoting and
24 participating as a contact group through the beef cattle industry in order to
25 carry out such projects that provide support and morale to members of the
26 United States armed forces and military services;

27 (ffff) all sales of tangible personal property and services purchased by
28 sheltered living, inc., which is exempt from federal income taxation
29 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
30 and which such property and services are used for the purpose of
31 providing residential and day services for people with developmental
32 disabilities or intellectual disability, or both, and all sales of any such
33 property by or on behalf of sheltered living, inc., for any such purpose; and
34 all sales of tangible personal property or services purchased by a
35 contractor for the purpose of rehabilitating, constructing, maintaining,
36 repairing, enlarging, furnishing or remodeling homes and facilities for
37 sheltered living, inc., for any such purpose that would be exempt from
38 taxation under the provisions of this section if purchased directly by
39 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
40 the purchase of any construction machinery, equipment or tools used in the
41 constructing, maintaining, repairing, enlarging, furnishing or remodeling
42 such homes and facilities for sheltered living, inc. When sheltered living,
43 inc., contracts for the purpose of rehabilitating, constructing, maintaining,

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

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

32 (hhhh) all sales of tangible personal property or services purchased
33 on or after July 1, 2014, for the purpose of and in conjunction with
34 constructing, reconstructing, enlarging or remodeling a business identified
35 under the North American industry classification system (NAICS)
36 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
37 installation of machinery and equipment purchased for installation at any
38 such business. The exemption provided in this subsection shall not apply
39 to projects that have actual total costs less than \$50,000. When a person
40 contracts for the construction, reconstruction, enlargement or remodeling
41 of any such business, such person shall obtain from the state and furnish to
42 the contractor an exemption certificate for the project involved, and the
43 contractor may purchase materials, machinery and equipment for

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

17 (iii) all sales of tangible personal property or services purchased by a
18 contractor for the purpose of constructing, maintaining, repairing,
19 enlarging, furnishing or remodeling facilities for the operation of services
20 for Wichita children's home for any such purpose that would be exempt
21 from taxation under the provisions of this section if purchased directly by
22 Wichita children's home. Nothing in this subsection shall be deemed to
23 exempt the purchase of any construction machinery, equipment or tools
24 used in the constructing, maintaining, repairing, enlarging, furnishing or
25 remodeling such facilities for Wichita children's home. When Wichita
26 children's home contracts for the purpose of constructing, maintaining,
27 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
28 from the state and furnish to the contractor an exemption certificate for the
29 project involved, and the contractor may purchase materials for
30 incorporation in such project. The contractor shall furnish the number of
31 such certificate to all suppliers from whom such purchases are made, and
32 such suppliers shall execute invoices covering the same bearing the
33 number of such certificate. Upon completion of the project, the contractor
34 shall furnish to Wichita children's home a sworn statement, on a form to be
35 provided by the director of taxation, that all purchases so made were
36 entitled to exemption under this subsection. All invoices shall be held by
37 the contractor for a period of five years and shall be subject to audit by the
38 director of taxation. If any materials purchased under such a certificate are
39 found not to have been incorporated in the building or other project or not
40 to have been returned for credit or the sales or compensating tax otherwise
41 imposed upon such materials that will not be so incorporated in the
42 building or other project reported and paid by such contractor to the
43 director of taxation not later than the 20th day of the month following the

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

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

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

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

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

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

27 (nnnn) all sales of tangible personal property or services purchased
28 by friends of hospice of Jefferson county, an organization that is exempt
29 from federal income taxation pursuant to section 501(c)(3) of the federal
30 internal revenue code of 1986, for the purpose of providing support to the
31 Jefferson county hospice agency in end-of-life care of Jefferson county
32 families, friends and neighbors, and all sales of entry or participation fees,
33 charges or tickets by friends of hospice of Jefferson county for such
34 organization's fundraising event for such purpose;

35 (oooo) all sales of tangible personal property or services purchased
36 for the purpose of and in conjunction with constructing, reconstructing,
37 enlarging or remodeling a qualified business facility by a qualified firm or
38 qualified supplier that meets the requirements established in K.S.A. 2023
39 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
40 been approved for a project exemption certificate by the secretary of
41 commerce, and the sale and installation of machinery and equipment
42 purchased by such qualified firm or qualified supplier for installation at
43 any such qualified business facility. When a person shall contract for the

1 construction, reconstruction, enlargement or remodeling of any such
2 qualified business facility, such person shall obtain from the state and
3 furnish to the contractor an exemption certificate for the project involved,
4 and the contractor may purchase materials, machinery and equipment for
5 incorporation in such project. The contractor shall furnish the number of
6 such certificates to all suppliers from whom such purchases are made, and
7 such suppliers shall execute invoices covering the same bearing the
8 number of such certificate. Upon completion of the project, the contractor
9 shall furnish to the owner of the qualified firm or qualified supplier a
10 sworn statement, on a form to be provided by the director of taxation, that
11 all purchases so made were entitled to exemption under this subsection.
12 All invoices shall be held by the contractor for a period of five years and
13 shall be subject to audit by the director of taxation. Any contractor or any
14 agent, employee or subcontractor thereof who shall use or otherwise
15 dispose of any materials, machinery or equipment purchased under such a
16 certificate for any purpose other than that for which such a certificate is
17 issued without the payment of the sales or compensating tax otherwise
18 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
19 therefor, shall be subject to the penalties provided for in K.S.A. 79-
20 3615(h), and amendments thereto. As used in this subsection, "qualified
21 business facility," "qualified firm" and "qualified supplier" mean the same
22 as defined in K.S.A. 2023 Supp. 74-50,311, and amendments thereto;

23 (pppp) (1) all sales of tangible personal property or services
24 purchased by a not-for-profit corporation that is designated as an area
25 agency on aging by the secretary for aging and disabilities services and is
26 exempt from federal income taxation pursuant to section 501(c)(3) of the
27 federal internal revenue code for the purpose of coordinating and
28 providing seniors and those living with disabilities with services that
29 promote person-centered care, including home-delivered meals,
30 congregate meal settings, long-term case management, transportation,
31 information, assistance and other preventative and intervention services to
32 help service recipients remain in their homes and communities or for the
33 purpose of constructing, equipping, reconstructing, maintaining, repairing,
34 enlarging, furnishing or remodeling facilities for such area agency on
35 aging; and

36 (2) all sales of tangible personal property or services purchased by a
37 contractor for the purpose of constructing, equipping, reconstructing,
38 maintaining, repairing, enlarging, furnishing or remodeling facilities for an
39 area agency on aging that would be exempt from taxation under the
40 provisions of this section if purchased directly by such area agency on
41 aging. Nothing in this paragraph shall be deemed to exempt the purchase
42 of any construction machinery, equipment or tools used in the
43 constructing, equipping, reconstructing, maintaining, repairing, enlarging,

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

33 (qqqq) all sales of tangible personal property or services purchased
34 by Kansas suicide prevention HQ, inc., an organization that is exempt
35 from federal income taxation pursuant to section 501(c)(3) of the federal
36 internal revenue code of 1986, for the purpose of bringing suicide
37 prevention training and awareness to communities across the state; *and*

38 (rrrr) *(1) all sales of tangible personal property or services*
39 *purchased by a contractor for the purpose of constructing, equipping,*
40 *reconstructing, maintaining, repairing, enlarging, furnishing or*
41 *remodeling a building that is operated by, or is intended to be operated by,*
42 *the Kansas fairgrounds foundation, a not-for-profit corporation exempt*
43 *from federal income taxation pursuant to section 501(c)(3) of the federal*

1 *internal revenue code of 1986, and located on the grounds of the Kansas*
2 *state fair, and such tangible personal property would be exempt from*
3 *taxation under the provisions of this paragraph if purchased directly by*
4 *such eligible not-for-profit corporation. Nothing in this subsection shall be*
5 *deemed to exempt the purchase of any construction machinery, equipment*
6 *or tools used in the constructing, equipping, reconstructing, maintaining,*
7 *repairing, enlarging, furnishing or remodeling a building for such eligible*
8 *not-for-profit corporation. When such eligible not-for-profit corporation*
9 *contracts for the purpose of constructing, equipping, reconstructing,*
10 *maintaining, repairing, enlarging, furnishing or remodeling a building,*
11 *such corporation shall obtain from the state and furnish to the contractor*
12 *an exemption certificate for the project involved, and such contractor may*
13 *purchase materials for incorporation in such project. The contractor shall*
14 *furnish the number of such certificate to all suppliers from whom such*
15 *purchases are made, and such suppliers shall execute invoices covering*
16 *such purchases bearing the number of such certificate. Upon completion*
17 *of the project, the contractor shall furnish to such eligible not-for-profit*
18 *corporation a sworn statement, on a form to be provided by the director of*
19 *taxation, that all purchases so made were entitled to exemption under this*
20 *subsection. All invoices shall be held by the contractor for a period of five*
21 *years and shall be subject to audit by the director of taxation. If any*
22 *materials purchased under such a certificate are found not to have been*
23 *incorporated in the building or returned for credit, the contractor shall*
24 *report and pay the sales or compensating tax to the director of taxation*
25 *not later than the 20th day of the month following the close of the month in*
26 *which it is determined that such materials will not be used for the purpose*
27 *for which such certificate was issued. The eligible not-for-profit*
28 *corporation concerned shall be liable for tax on all materials purchased*
29 *for the project, and upon payment thereof, the eligible not-for-profit*
30 *corporation may recover the same from the contractor together with*
31 *reasonable attorney fees. Any contractor or any agent, employee or*
32 *subcontractor thereof who shall use or otherwise dispose of any materials*
33 *purchased under such a certificate for any purpose other than that for*
34 *which such a certificate is issued without the payment of the sales or*
35 *compensating tax otherwise imposed upon such materials shall be guilty*
36 *of a misdemeanor and, upon conviction therefor, shall be subject to the*
37 *penalties provided for in K.S.A. 79-3615(h), and amendments thereto.*

38 (2) *Sales tax paid on and after May 19, 2023, but prior to the*
39 *effective date of this act upon the gross receipts received from any sale*
40 *which would have been exempted by the provisions of this subsection had*
41 *such sale occurred after the effective date of this act shall be refunded.*
42 *Each claim for a sales tax refund shall be verified and submitted to the*
43 *director of taxation upon forms furnished by the director and shall be*

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

7 Sec. 2. K.S.A. 2023 Supp. 79-3606 is hereby repealed.

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