

## HOUSE BILL No. 2011

By Representative Hoheisel

1-10

1 AN ACT concerning sales taxation; relating to exemptions; required  
2 textbooks; amending K.S.A. 2018 Supp. 79-3606 and repealing the  
3 existing section.

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

6 Section 1. K.S.A. 2018 Supp. 79-3606 is hereby amended to read as  
7 follows: 79-3606. The following shall be exempt from the tax imposed by  
8 this act:

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

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

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

1 renting and leasing of tangible personal property, purchased directly by a  
2 public or private elementary or secondary school or public or private  
3 nonprofit educational institution and used primarily by such school or  
4 institution for nonsectarian programs and activities provided or sponsored  
5 by such school or institution or in the erection, repair or enlargement of  
6 buildings to be used for such purposes. The exemption herein provided  
7 shall not apply to erection, construction, repair, enlargement or equipment  
8 of buildings used primarily for human habitation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and  
34 amendments thereto, all sales of tangible personal property or services  
35 purchased directly or indirectly by a groundwater management district  
36 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
37 amendments thereto, by a rural water district organized or operating under  
38 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
39 supply district organized or operating under the authority of K.S.A. 19-  
40 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which  
41 property or services are used in the construction activities, operation or  
42 maintenance of the district;

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

20 (jj) all sales of tangible personal property or services, including the  
21 renting and leasing of tangible personal property, purchased directly on  
22 behalf of a community-based facility for people with intellectual disability  
23 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
24 amendments thereto, and licensed in accordance with the provisions of  
25 K.S.A. 2018 Supp. 39-2001 et seq., and amendments thereto, and all sales  
26 of tangible personal property or services purchased by contractors during  
27 the time period from July, 2003, through June, 2006, for the purpose of  
28 constructing, equipping, maintaining or furnishing a new facility for a  
29 community-based facility for people with intellectual disability or mental  
30 health center located in Riverton, Cherokee County, Kansas, that would  
31 have been eligible for sales tax exemption pursuant to this subsection if  
32 purchased directly by such facility or center. This exemption shall not  
33 apply to tangible personal property customarily used for human habitation  
34 purposes;

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

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

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

42 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (E) furniture and other furnishings;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Korean War memorial;

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

1 and service;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

1 issued, such organization concerned shall be liable for tax on all materials  
2 purchased for the project, and upon payment thereof it may recover the  
3 same from the contractor together with reasonable attorney fees. Any  
4 contractor or any agent, employee or subcontractor thereof, who purchased  
5 under such a certificate for any purpose other than that for which such a  
6 certificate is issued without the payment of the sales or compensating tax  
7 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
8 and, upon conviction therefor, shall be subject to the penalties provided for  
9 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
10 subsection shall expire and have no effect on and after July 1, 2019; *and*  
11 *(mmmm) all sales of textbooks purchased by a student that are*  
12 *required for classes held by public or private postsecondary educational*  
13 *institutions, as defined in K.S.A. 74-3201b, and amendments thereto.*  
14 Sec. 2. K.S.A. 2018 Supp. 79-3606 is hereby repealed.  
15 Sec. 3. This act shall take effect and be in force from and after its  
16 publication in the statute book.