

As Amended by House Committee

Session of 2011

HOUSE BILL No. 2317

By Committee on Taxation

2-11

1 AN ACT concerning taxation; relating to IMPACT program,
2 withholding, requirements, limitations; income tax deductions,
3 expensing of investment expenditures; income tax credits; sales tax
4 exemptions; creating job creation program fund, administration,
5 expenditures; amending K.S.A. 2010 Supp. 74-50,104, 74-50,106,
6 74-50,107, 74-50,109, 74-50,110, 74-50,111, ~~74-50,132~~, 79-
7 32,160a, 79-32,206 and 79-3606 and repealing the existing sections;
8 also repealing K.S.A. 2010 Supp. 74-50,151 and 74-50,152.
9

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

11 New Section 1. (a) There is hereby created in the state treasury the
12 job creation program fund. The secretary of commerce, in consultation
13 with the secretary of revenue and the governor, shall administer the
14 fund. All expenditures from the fund shall be for the purpose of
15 promoting job creation and economic development by funding projects
16 related to: (1) Major expansion of an existing Kansas commercial
17 enterprise;

18 (2) potential location in Kansas of the operations of major
19 employer;

20 (3) award of a significant federal or private sector grant which has
21 a financial matching requirement;

22 (4) potential departure from Kansas or the substantial reduction of
23 the operations of a major Kansas employer;

24 (5) training or retraining activities for employees in Kansas
25 companies;

26 (6) potential closure or substantial reduction of the operations of a
27 major state or federal institution;

28 (7) projects in counties with at least a 10% population decline
29 during the period from 2000 to 2010; or

30 (8) other unique economic development opportunities.

31 (b) All expenditures from the fund shall be for the purposes
32 described in subsection (a) and shall be made in accordance with
33 appropriation acts upon warrants of the director of accounts and reports

1 issued pursuant to vouchers approved by the secretary of commerce or
2 the secretary's designee.

3 New Sec. 2. (a) For taxable years beginning after December 31,
4 2011, a taxpayer may elect to take an expense deduction from Kansas
5 ~~taxable income~~ **net income before expensing or recapture** allocated
6 or apportioned to this state for the cost of the following property placed
7 in service in this state during the taxable year: (1) Tangible property
8 eligible for depreciation under the modified accelerated cost recovery
9 system in section 168 of the internal revenue code, as amended, but not
10 including residential rental property, nonresidential real property, any
11 railroad grading or tunnel bore or any other property with an applicable
12 recovery period in excess of 25 years as defined under section 168(c) or
13 (g) of the internal revenue code, as amended; and (2) computer
14 software as defined in section 197(e)(3)(B) of the internal revenue
15 code, as amended, and as described in section 197(e)(3)(A)(i) of the
16 internal revenue code, as amended, to which section 167 of the internal
17 revenue code, as amended, applies. If such election is made, the amount
18 of expense deduction for such cost shall equal the difference between
19 the depreciable cost of such property for federal income tax purposes
20 and the amount of bonus depreciation being claimed for such property
21 pursuant to section 168(k) of the internal revenue code, as amended, for
22 federal income tax purposes in such tax year, but without regard to any
23 expense deduction being claimed for such property under section 179
24 of the internal revenue code, as amended, multiplied by the applicable
25 factor, determined by using, the table provided in subsection (f), based
26 on the method of depreciation selected pursuant to section 168(b)(1),
27 (2), or (3) or (g) of the internal revenue code, as amended, and the
28 applicable recovery period for such property as defined under section
29 168(c) or (g) of the internal revenue code, as amended. This election
30 shall be made by the due date of the original return, including any
31 extensions, and may be made only for the taxable year in which the
32 property is placed in service, and once made, shall be irrevocable. **If**
33 **the section 179 expense deduction election has been made for**
34 **federal income tax purposes for any asset, the applicable factor to**
35 **be utilized is in the IRC § 168 (b)(1) column of the table provided**
36 **in subsection (f) for the applicable recovery period of the respective**
37 **assets.**

38 (b) If the amount of expense deduction calculated pursuant to
39 subsection (a) exceeds the taxpayer's Kansas ~~taxable income~~ **net**

1 **income before expensing or recapture** allocated or apportioned to this
2 state, such excess amount ~~may be carried forward for deduction in the~~
3 ~~succeeding taxable year or years until the total of such amount is used~~
4 **shall be treated as a Kansas net operating loss as provided in**
5 **K.S.A. 79-32,143, and amendments thereto.**

6 (c) If the property for which an expense deduction is taken
7 pursuant to subsection (a) is subsequently sold during the applicable
8 recovery period for such property as defined under section 168(c) of
9 the internal revenue code, as amended, and in a manner that would
10 cause recapture of any previously taken expense or depreciation
11 deductions for federal income tax purposes, or if the situs of such
12 property is otherwise changed such that the property is relocated
13 outside the state of Kansas during such applicable recovery period, then
14 the expense deduction determined pursuant to subsection (a) shall be
15 subject to recapture and treated as Kansas taxable income allocated to
16 this state. The amount of recapture shall be the Kansas expense
17 deduction determined pursuant to subsection (a) multiplied by a
18 fraction, the numerator of which is the number of years remaining in
19 the applicable recovery period for such property as defined under
20 section 168(c) or (g) of the internal revenue code, as amended, after
21 such property is sold or removed from the state including the year of
22 such disposition, and the denominator of which is the total number of
23 years in such applicable recovery period.

24 (d) The situs of tangible property for purposes of claiming and
25 recapture of the expense deduction shall be the physical location of
26 such property. If such property is mobile, the situs shall be the physical
27 location of the business operations from where such property is used or
28 based. The situs of computer software shall be apportioned to Kansas
29 based on the fraction, the numerator of which is the number of the
30 taxpayer's users located in Kansas of licenses for such computer
31 software used in the active conduct of the taxpayer's business
32 operations, and the denominator of which is the total number of the
33 taxpayer's users of the licenses for such computer software used in the
34 active conduct of the taxpayer's business operations everywhere.

35 (e) Any member of a unitary group filing a combined report may
36 elect to take an expense deduction pursuant to subsection (a) for an
37 investment in property made by any member of the combined group,
38 provided that the amount calculated pursuant to subsection (a) may
39 only be deducted from the Kansas ~~taxable income~~ **net income before**

1 **expensing or recapture** allocated to or apportioned to this state by
 2 such member making the election.

3 (f) The following table shall be used in determining the expense
 4 deduction calculated pursuant to subsection (a):

5 Factors

6	IRC§168	IRC§168(b)(1)	IRC§168(b)(2)	IRC§168(b)(3) or (g)
7	Recover Period (year)	Depreciation Method	Depreciation Method	Depreciation Method
8	2.5	*	.077	.092
9	3	.075	.091	.106
10	3.5	*	.102	.116
11	4	*	.114	.129
12	5	.116	.135	.150
13	6	*	.154	.170
14	6.5	*	.163	.179
15	7	.151	.173	.190
16	7.5	*	.181	.199
17	8	*	.191	.208
18	8.5	*	.199	.217
19	9	*	.208	.226
20	9.5	*	.216	.235
21	10	.198	.224	.244
22	10.5	*	.232	.252
23	11	*	.240	.261
24	11.5	*	.248	.269
25	12	*	.256	.277
26	12.5	*	.263	.285
27	13	*	.271	.293
28	13.5	*	.278	.300
29	14	*	.285	.308
30	15	*	.299	.323
31	16	*	.313	.337
32	16.5	*	.319	.344
33	17	*	.326	.351
34	18	*	.339	.365
35	19	*	.351	.378
36	20	*	.363	.391
37	22	*	.386	.415
38	24	*	.408	.438
39	25	*	.419	.449

40 *** Not Applicable.**

41 (g) If a taxpayer elects to expense any investment pursuant to
 42 subsection (a), such taxpayer shall not be eligible for any tax credit,
 43 accelerated depreciation, or deduction for such investment allowed
 44 pursuant to K.S.A. 2010 Supp. 79-32,160a(e), 79-32,182b, 79-32,201,
 45 79-32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-
 46 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-
 47 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258,
 48 and amendments thereto.

49 New Sec. 3. Except as otherwise provided, for taxable years

1 commencing after December 31, 2011, no credits may be earned
2 through the Kansas enterprise zone act, K.S.A. 79-32,160a; or the job
3 expansion and investment tax credit act, K.S.A. 79-32,153. Any carry
4 forward credit that has been earned through the Kansas enterprise zone
5 act, K.S.A. 79-32,160a, and is remaining after December 31, 2011, may
6 be carried forward to succeeding taxable years as long as all
7 requirements continue to be met. Any credit that has been earned
8 through the job expansion and investment tax credit act, K.S.A. 79-
9 32,153, with years left in recomputing the credit after December 31,
10 2011, may continue for the remainder of the nine-year period as long as
11 all requirements continue to be met.

12 Sec. 4. K.S.A. 2010 Supp. 74-50,104 is hereby amended to read as
13 follows: 74-50,104. (a) The secretary shall administer the provisions of
14 this act and the IMPACT program established thereunder. The secretary
15 shall encourage Kansas basic enterprises with similar training needs to
16 cooperate in establishing SKILL projects. The secretary shall
17 coordinate the SKILL program with other job training programs
18 administered by the department of commerce. The secretary shall
19 provide opportunities for coordination and cooperation of SKILL
20 projects with other job training activities in Kansas. Subject to the
21 limitation in K.S.A. 74-50,103, *and amendments thereto*, the secretary
22 shall be authorized to make direct investments in educational and
23 related workforce development institutions, for the purpose of
24 promoting improvements in workforce development, human capital,
25 training expertise, infrastructure and job retention.

26 (b) The secretary shall adopt rules and regulations as follows: (1)
27 Prescribing review standards and priorities for approval of proposed
28 agreements under this act, including appropriate incentives for
29 cooperation among projects, in order to maximize the number of new
30 jobs created or retained with respect to individual Kansas basic
31 enterprises, which will remain in Kansas; and (2) prescribing limits on
32 program costs and on project and program size in relation to the
33 number of new jobs created and wages of new or retained jobs. No
34 agreement shall be approved which provides for program costs of a
35 project under the agreement of more than 95% of the amount equal to
36 the estimated rate of withholding tax applied to the estimated amount of
37 gross wages of all the new or retained jobs under the project over a ten-
38 year period, *except that this provision shall not apply to any project*
39 *funded from the job creation program fund.*

1 (c) Notice of the approval of a project or program and an annual
2 report of the number of jobs created or retained under the IMPACT act
3 shall be provided to the chairpersons of the senate committee on
4 commerce and the committee on economic development of the house
5 of representatives.

6 (d) The secretary may adopt such other rules and regulations as
7 may be required for the implementation and administration of this act.

8 Sec. 5. K.S.A. 2010 Supp. 74-50,106 is hereby amended to read as
9 follows: 74-50,106. (a) The secretary of commerce shall review
10 applications for proposed agreements submitted by employers in
11 accordance with the standards and guidelines prescribed by this act and
12 by rules and regulations adopted under K.S.A. 74-50,104, and
13 amendments thereto. Each application for approval of a proposed
14 agreement shall be accompanied by information about the number and
15 wages of the new or retained jobs created by the employer,
16 documentation of existing training activities of the employer and such
17 other information as may be required by the secretary of commerce.

18 (b) The secretary of commerce may pool the funding requirements
19 of projects which are the subject of proposed agreements to determine
20 the funding requirements of the IMPACT projects under consideration
21 to facilitate the issuance of bonds by the Kansas development finance
22 authority.

23 (c) The secretary of commerce is hereby authorized to expend
24 funds raised pursuant to this act on major project investments. The
25 secretary shall adopt guidelines consistent with this act concerning firm
26 eligibility for major project investments and shall otherwise administer
27 the major project investment portion of the IMPACT act.

28 (d) In order for an employer to be eligible for a major project
29 investment, the employer must:

30 (1) Annually make an investment in training and education of the
31 employer's employees that exceeds 2% of the employer's total annual
32 payroll costs; or

33 (2) agree that a portion of any funds available under the agreement
34 be spent directly on employee education and training.

35 (e) An employer not creating new jobs shall be eligible to
36 participate in the IMPACT program if the employer meets the
37 following criteria: (1) Maintains a minimum of 250 retained jobs if
38 located in a metropolitan statistical area or a minimum of 100 retained
39 jobs if located in a nonmetropolitan statistical area; and (2) the

1 secretary of commerce finds that the program or project will be a major
2 factor in the Kansas basic enterprise remaining in Kansas, *except that*
3 *this subsection shall not apply to any project funded from the job*
4 *creation program fund.*

5 Sec. 6. K.S.A. 2010 Supp. 74-50,107 is hereby amended to read as
6 follows: 74-50,107. ~~(a) The secretary shall determine and from time to~~
7 ~~time shall redetermine the rate at which moneys shall be credited to the~~
8 ~~IMPACT program repayment fund in order to satisfy all bond~~
9 ~~repayment obligations which have been incurred to finance program~~
10 ~~costs for IMPACT programs, which shall be referred to as the debt~~
11 ~~service rate, and the rate at which moneys shall be credited to the~~
12 ~~IMPACT program services fund in order to finance program costs that~~
13 ~~are not financed by bonds, which shall be referred to as the direct~~
14 ~~funding rate. The total of the debt service rate and the direct funding~~
15 ~~rate shall be the combined rate. Each rate so determined shall be~~
16 ~~certified to the secretary of revenue. The combined rate determined~~
17 ~~under this subsection shall not exceed 2%.~~

18 ~~(b) Upon receipt of the rates determined and certified under~~
19 ~~subsection (a), the secretary of revenue shall apply daily the combined~~
20 ~~rate to that portion of the moneys withheld from the wages of~~
21 ~~individuals and collected under the Kansas withholding and declaration~~
22 ~~of estimated tax act K.S.A. 79-3294 et seq., and amendments thereto.~~
23 ~~The amount so determined shall be credited as follows: (1) The portion~~
24 ~~attributable to the debt service rate shall be credited to the IMPACT~~
25 ~~program repayment fund, and (2) the remaining portion shall be~~
26 ~~credited to the IMPACT program services fund.~~

27 ~~The aggregate of all amounts credited to the IMPACT program~~
28 ~~repayment fund under this section during any fiscal year to pay bond~~
29 ~~repayment obligations on bonds to finance major project investments~~
30 ~~shall not exceed the amount which results when the rate of 2% is~~
31 ~~applied to all money withheld from the wages of individuals and~~
32 ~~received under the Kansas withholding and declaration of estimated tax~~
33 ~~act.~~
34 ~~(a) Commencing July 1, 2011, the secretary of revenue shall apply a~~
35 ~~rate of 2% to that portion of moneys withheld from the wages of~~
36 ~~individuals and collected under the Kansas withholding and~~
37 ~~declaration of estimated tax act, K.S.A. 79-3294 et seq., and~~
38 ~~amendments thereto. The amount so determined shall be credited as~~
39 ~~follows: (1) An amount necessary to meet obligations of the debt~~
~~services for the IMPACT program repayment fund; and (2) an amount~~

1 to the IMPACT program services fund as needed for program
2 administration; and (3) any remaining amounts to the job creation
3 program fund created pursuant to section 1, and amendments thereto.

4 (b) Commencing July 1, 2011 2012, and on an annual basis
5 thereafter, the secretary of revenue shall ~~determine~~ estimate the
6 amount equal to the amount of net savings realized from the
7 elimination, modification or limitation of subsection (g) of section 2,
8 section 3, section 4, K.S.A. 79-32,206 and subsection (ee) of K.S.A.
9 79-3606, and amendments thereto **any credit, deduction or program**
10 **pursuant to the provisions of this act as compared to the expense**
11 **deduction provided for in section 2, and amendments thereto.**
12 Whereupon such amount of savings in accordance with appropriation
13 acts shall be remitted to the state treasurer in accordance with the
14 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
15 each such remittance, the state treasurer shall deposit the entire
16 amount to the credit of the job creation program fund created pursuant
17 to section 1, and amendments thereto. In addition, such other amount
18 or amounts of ~~many~~ money may be transferred from the state general
19 fund or any other fund or funds in the state treasury to the job creation
20 program fund in accordance with appropriation acts.

21 Sec. 7. K.S.A. 2010 Supp. 74-50,109 is hereby amended to read as
22 follows: 74-50,109. (a) There is hereby created in the state treasury the
23 IMPACT program repayment fund. The secretary of commerce shall
24 administer the IMPACT program repayment fund. Except as provided
25 in subsection (c), all moneys credited to the IMPACT program
26 repayment fund shall be to make payments to the Kansas development
27 finance authority for payment of costs relating to the retirement of
28 bonds issued to finance projects approved by the secretary of
29 commerce under this act, including but not limited to the principal of
30 and interest on such bonds and the expenses of issuance. All
31 expenditures from the IMPACT program repayment fund shall be made
32 in accordance with appropriations acts upon warrants of the director of
33 accounts and reports issued pursuant to vouchers approved by the
34 secretary of commerce or the secretary's designee.

35 (b) Upon request of the secretary of commerce, the director of
36 accounts and reports shall establish one or more reserve accounts in the
37 IMPACT program repayment fund to secure one or more issues of
38 bonds issued by the Kansas development finance authority for the
39 purposes of this act.

1 (c) On June 30 of each year, any unencumbered balance in the
2 IMPACT program repayment fund which is not required for payment of
3 such expenses during the ensuing fiscal year, including any such
4 expenses associated with proposed ~~investments~~*investment* agreements
5 and bond issues under consideration for such fiscal year, and which is
6 not credited to any reserve account in the fund, as certified by the
7 secretary of commerce to the director of accounts and reports, shall be
8 transferred by the director of accounts and reports from the IMPACT
9 program repayment fund to the IMPACT program services fund *or the*
10 *job creation program fund.*

11 Sec. 8. K.S.A. 2010 Supp. 74-50,110 is hereby amended to read as
12 follows: 74-50,110. *Except as otherwise provided,* the activities of the
13 secretary of commerce in administering and performing the powers,
14 duties and functions prescribed by the provisions of this act and
15 providing moneys for IMPACT programs from the proceeds of bonds
16 issued by the Kansas development finance authority are hereby
17 approved for the purposes of subsection (b) of K.S.A. 74-8905, and
18 amendments thereto, and the authorization of the issuance of such
19 bonds by the Kansas development finance authority in accordance with
20 that statute. The provisions of subsection (a) of K.S.A. 74-8905, and
21 amendments thereto, shall not prohibit the issuance of bonds for such
22 purposes when so authorized and any such issuance of bonds is exempt
23 from the provisions of subsection (a) of K.S.A. 74-8905, and
24 amendments thereto. *No bonds shall be issued for IMPACT projects*
25 *after December 31, 2011.*

26 Sec. 9. K.S.A. 2010 Supp. 74-50,111 is hereby amended to read as
27 follows: 74-50,111. The secretary of commerce shall annually report on
28 activities under the IMPACT act, pursuant to K.S.A. 74-5049, and
29 amendments thereto. Each report shall contain information regarding
30 the number and characteristics of the new jobs created or jobs retained
31 in Kansas for which SKILL projects or major project investments have
32 been financed under this act, including a report on any such new or
33 retained jobs which do not continue to exist and the circumstances and
34 effect of any such discontinuances, *and activities of the department*
35 *related to administration of the job creation program fund and the*
36 *funding of projects thereunder.*

37 Sec. 10. ~~K.S.A. 2010 Supp. 74-50,132 is hereby amended to~~
38 ~~read as follows: 74-50,132. (a) For taxable years commencing after~~
39 ~~December 31, 1997, and before January 1, 2017, a qualified firm shall~~

1 ~~be entitled to a credit against the tax imposed by the Kansas income tax~~
2 ~~act, the premium tax or privilege fee imposed pursuant to K.S.A. 40-~~
3 ~~252, and amendments thereto, or the privilege tax as measured by net~~
4 ~~income of financial institutions imposed pursuant to chapter 79, article~~
5 ~~11 of the Kansas Statutes Annotated, and amendments thereto, in an~~
6 ~~amount equal to the portion of the qualified business facility cash~~
7 ~~investment in the training and education of the firm's employees that~~
8 ~~exceeds 2% of the firm's total payroll costs. The maximum amount of~~
9 ~~the credit that may be claimed by a single corporate taxpayer in any~~
10 ~~single tax year under this section shall not exceed \$50,000. Tax credits~~
11 ~~earned by a qualified business under this section must be claimed in~~
12 ~~their entirety in the tax year eligible.~~

13 ~~(b) For tax years commencing after December 31, 2005, any~~
14 ~~taxpayer claiming credits pursuant to this section, as a condition for~~
15 ~~claiming and qualifying for such credits, shall provide information~~
16 ~~pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto, as~~
17 ~~part of the tax return in which such credits are claimed. Such credits~~
18 ~~shall not be denied solely on the basis of the contents of the information~~
19 ~~provided by the taxpayer pursuant to K.S.A. 2010 Supp. 79-32,243, and~~
20 ~~amendments thereto.~~

21 ~~Sec. H. 10. K.S.A. 2010 Supp. 79-32,160a is hereby amended to~~
22 ~~read as follows: 79-32,160a. (a) For taxable years commencing after~~
23 ~~December 31, 1999, and before January 1, 2012, any taxpayer who~~
24 ~~shall invest in a qualified business facility, as defined in subsection (b)~~
25 ~~of K.S.A. 79-32,154, and amendments thereto, and effective for tax~~
26 ~~years commencing after December 31, 2010, and before January 1,~~
27 ~~2012, located in an area other than a metropolitan county as defined in~~
28 ~~either K.S.A. 2010 Supp. 74-50,114 or 74-50,211, and amendments~~
29 ~~thereto, and also meets the definition of a business in subsection (b) of~~
30 ~~K.S.A. 74-50,114, and amendments thereto, shall be allowed a credit~~
31 ~~for such investment, in an amount determined under subsection (b) or~~
32 ~~(c), as the case requires, against the tax imposed by the Kansas income~~
33 ~~tax act or where the qualified business facility is the principal place~~
34 ~~from which the trade or business of the taxpayer is directed or managed~~
35 ~~and the facility has facilitated the creation of at least 20 new full-time~~
36 ~~positions, against the premium tax or privilege fees imposed pursuant~~
37 ~~to K.S.A. 40-252, and amendments thereto, or as measured by the net~~
38 ~~income of financial institutions imposed pursuant to chapter 79, article~~
39 ~~11 of the Kansas Statutes Annotated, for the taxable year during which~~

1 commencement of commercial operations, as defined in subsection (f)
2 of K.S.A. 79-32,154, and amendments thereto, occurs at such qualified
3 business facility. In the case of a taxpayer who meets the definition of a
4 manufacturing business in subsection (d) of K.S.A. 74-50,114, and
5 amendments thereto, no credit shall be allowed under this section
6 unless the number of qualified business facility employees, as
7 determined under subsection (d) of K.S.A. 79-32,154, and amendments
8 thereto, engaged or maintained in employment at the qualified business
9 facility as a direct result of the investment by the taxpayer for the
10 taxable year for which the credit is claimed equals or exceeds two. In
11 the case of a taxpayer who meets the definition of a nonmanufacturing
12 business in subsection (f) of K.S.A. 74-50,114, and amendments
13 thereto, no credit shall be allowed under this section unless the number
14 of qualified business facility employees, as determined under
15 subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged
16 or maintained in employment at the qualified business facility as a
17 direct result of the investment by the taxpayer for the taxable year for
18 which the credit is claimed equals or exceeds five. Where an employee
19 performs services for the taxpayer outside the qualified business
20 facility, the employee shall be considered engaged or maintained in
21 employment at the qualified business facility if: (1) The employee's
22 service performed outside the qualified business facility is incidental to
23 the employee's service inside the qualified business facility; or (2) the
24 base of operations or, the place from which the service is directed or
25 controlled, is at the qualified business facility.

26 (b) The credit allowed by subsection (a) for any taxpayer who
27 invests in a qualified business facility which is located in a designated
28 nonmetropolitan region established under K.S.A. 74-50,116, and
29 amendments thereto, on or after the effective date of this act, shall be a
30 portion of the income tax imposed by the Kansas income tax act on the
31 taxpayer's Kansas taxable income, the premium tax or privilege fees
32 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
33 privilege tax as measured by the net income of financial institutions
34 imposed pursuant to chapter 79, article 11 of the Kansas Statutes
35 Annotated, *and amendments thereto*, for the taxable year for which
36 such credit is allowed, but in the case where the qualified business
37 facility investment was made prior to January 1, 1996, not in excess of
38 50% of such tax. Such portion shall be an amount equal to the sum of
39 the following:

1 (1) Two thousand five hundred dollars for each qualified business
2 facility employee determined under K.S.A. 79-32,154, and
3 amendments thereto; plus

4 (2) one thousand dollars for each \$100,000, or major fraction
5 thereof, which shall be deemed to be 51% or more, in qualified
6 business facility investment, as determined under K.S.A. 79-32,154,
7 and amendments thereto.

8 (c) The credit allowed by subsection (a) for any taxpayer who
9 invests in a qualified business facility, which is not located in a
10 nonmetropolitan region established under K.S.A. 74-50,116, and
11 amendments thereto, and effective for tax years commencing after
12 December 31, 2010, *and before January 1, 2012*, located in an area
13 other than a metropolitan county as defined in either K.S.A. 2010 Supp.
14 74-50,114 or 74-50,211, and amendments thereto, and which also meets
15 the definition of business in subsection (b) of K.S.A. 74-50,114, and
16 amendments thereto, on or after the effective date of this act, shall be a
17 portion of the income tax imposed by the Kansas income tax act on the
18 taxpayer's Kansas taxable income, the premium tax or privilege fees
19 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
20 privilege tax as measured by the net income of financial institutions
21 imposed pursuant to chapter 79, article 11 of the Kansas Statutes
22 Annotated, *and amendments thereto*, for the taxable year for which
23 such credit is allowed, but in the case where the qualified business
24 facility investment was made prior to January 1, 1996, not in excess of
25 50% of such tax. Such portion shall be an amount equal to the sum of
26 the following:

27 (1) One thousand five hundred dollars for each qualified business
28 facility employee as determined under K.S.A. 79-32,154, and
29 amendments thereto; and

30 (2) one thousand dollars for each \$100,000, or major fraction
31 thereof, which shall be deemed to be 51% or more, in qualified
32 business facility investment as determined under K.S.A. 79-32,154, and
33 amendments thereto.

34 (d) The credit allowed by subsection (a) for each qualified
35 business facility employee and for qualified business facility
36 investment shall be a one-time credit. If the amount of the credit
37 allowed under subsection (a) exceeds the tax imposed by the Kansas
38 income tax act on the taxpayer's Kansas taxable income, the premium
39 tax and privilege fees imposed pursuant to K.S.A. 40-252, and

1 amendments thereto, or the privilege tax as measured by the net income
2 of financial institutions imposed pursuant to chapter 79, article 11 of
3 the Kansas Statutes Annotated, *and amendments thereto*, for the taxable
4 year, or in the case where the qualified business facility investment was
5 made prior to January 1, 1996, 50% of such tax imposed upon the
6 amount which exceeds such tax liability or such portion thereof may be
7 carried over for credit in the same manner in the succeeding taxable
8 years until the total amount of such credit is used. Except that, before
9 the credit is allowed, a taxpayer, who meets the definition of a
10 manufacturing business in subsection (d) of K.S.A. 74-50,114, and
11 amendments thereto, shall recertify annually that the net increase of a
12 minimum of two qualified business facility employees has continued to
13 be maintained and a taxpayer, who meets the definition of a
14 nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and
15 amendments thereto, shall recertify annually that the net increase of a
16 minimum of five qualified business employees has continued to be
17 maintained.

18 (e) Notwithstanding the foregoing provisions of this section, *and*
19 *except as otherwise provided in this subsection, for any tax year*
20 ~~commencing before January 1, 2017~~, any taxpayer qualified and
21 certified under the provisions of K.S.A. 74-50,131, and amendments
22 thereto; which, prior to making a commitment to invest in a qualified
23 Kansas business, has filed a certificate of intent to invest in a qualified
24 business facility in a form satisfactory to the secretary of commerce;
25 and that has received written approval from the secretary of commerce
26 for participation and has participated, during the tax year for which the
27 exemption is claimed, in the Kansas industrial training, Kansas
28 industrial retraining or the state of Kansas investments in lifelong
29 learning program or is eligible for the tax credit established in K.S.A.
30 74-50,132, and amendments thereto, shall be entitled to a credit in an
31 amount equal to 10% of that portion of the qualified business facility
32 investment which exceeds \$50,000 in lieu of the credit provided in
33 subsection (b)(2) or (c)(2) without regard to the number of qualified
34 business facility employees engaged or maintained in employment at
35 the qualified business facility. *For tax years beginning on or after*
36 *January 1, 2012, and before January 1, 2017 for a qualified business*
37 **facility investment in Douglas, Johnson, Leavenworth, Sedgwick,**
38 **Shawnee or Wyandotte counties, such credit shall be in an amount**
39 *equal to 10% of that portion of the qualified business facility*

1 *investment which exceeds \$5,000,000* **\$1,000,000**. *Any taxpayer who*
2 *has filed an application to be certified under K.S.A. 74-50,131, and*
3 *amendments thereto, is qualified and certified under such provision and*
4 *has commenced work on the project* **a certificate of intent to invest in**
5 **a qualified business facility pursuant to this subsection in Douglas,**
6 **Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte county**
7 *prior to December 31, 2011, and commences investments in a*
8 **qualified business facility prior to December 31, 2013,** *may claim*
9 *credits under K.S.A. 74-50,131, 74-50,132 and subsection (e) of 79-*
10 *32,160a, and amendments thereto, in an amount equal to 10% of that*
11 *portion of the qualified business facility investment which exceeds*
12 *\$50,000. Timing modifications may be authorized at the discretion of*
13 *the secretary of commerce and the secretary of revenue during the*
14 *transition period. The credit allowed by this subsection shall be a one-*
15 *time credit. If the amount thereof exceeds the tax imposed by the*
16 *Kansas income tax act on the taxpayer's Kansas taxable income or the*
17 *premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and*
18 *amendments thereto, or the privilege tax as measured by net income of*
19 *financial institutions imposed pursuant to chapter 79, article 11 of the*
20 *Kansas Statutes Annotated, and amendments thereto, for the taxable*
21 *year, the amount thereof which exceeds such tax liability may be*
22 *carried forward for credit in the succeeding taxable year or years until*
23 *the total amount of the tax credit is used, except that no such tax credit*
24 *shall be carried forward for deduction after the 10th taxable year*
25 *succeeding the taxable year in which such credit initially was claimed*
26 *and no carry forward shall be allowed for deduction in any succeeding*
27 *taxable year unless the taxpayer continued to be qualified and was*
28 *recertified for such succeeding taxable year pursuant to K.S.A. 74-*
29 *50,131, and amendments thereto.*

30 (f) For tax years commencing after December 31, 2005, any
31 taxpayer claiming credits pursuant to this section, as a condition for
32 claiming and qualifying for such credits, shall provide information
33 pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto, as
34 part of the tax return in which such credits are claimed. Such credits
35 shall not be denied solely on the basis of the contents of the information
36 provided by the taxpayer pursuant to K.S.A. 2010 Supp. 79-32,243, and
37 amendments thereto.

38 (g) This section and K.S.A. 79-32,160b, and amendments thereto,
39 shall be part of and supplemental to the job expansion and investment

1 credit act of 1976 and ~~acts amendatory thereof and~~
2 ~~supplemental amendments~~ thereto.

3 Sec. ~~12~~. **11.** K.S.A. 2010 Supp. 79-32,206 is hereby amended to
4 read as follows: 79-32,206. For all taxable years commencing after
5 December 31, 2001, *and before January 1, 2012*, there shall be allowed
6 as a credit against the tax liability of a taxpayer imposed under the
7 Kansas income tax act, the premiums tax upon insurance companies
8 imposed pursuant to K.S.A. 40-252, and amendments thereto, and the
9 privilege tax as measured by net income of financial institutions
10 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
11 Annotated, *and amendments thereto*, an amount equal to 15% of the
12 property tax levied for property tax years 2002, 2003 and 2004, 20% of
13 the property tax levied for property tax years 2005 and 2006, and 25%
14 of the property tax levied for property tax year 2007, and all such years
15 thereafter, actually and timely paid during an income or privilege
16 taxable year upon commercial and industrial machinery and equipment
17 classified for property taxation purposes pursuant to section 1 of article
18 11 of the Kansas constitution in subclass (5) or (6) of class 2,
19 machinery and equipment classified for such purposes in subclass (2)
20 of class 2. For all taxable years commencing after December 31, 2004,
21 *and before January 1, 2012*, there shall be allowed as a credit against
22 the tax liability of a taxpayer imposed under the Kansas income tax act
23 an amount equal to 20% of the property tax levied for property tax
24 years 2005 and 2006, and 25% of the property tax levied for property
25 tax year 2007 and all such years thereafter, actually and timely paid
26 during an income taxable year upon railroad machinery and equipment
27 classified for property tax purposes pursuant to section 1 of article 11 of
28 the Kansas constitution in subclass (3) of class 2. If the amount of such
29 tax credit exceeds the taxpayer's income tax liability for the taxable
30 year, the amount thereof which exceeds such tax liability shall be
31 refunded to the taxpayer. If the taxpayer is a corporation having an
32 election in effect under subchapter S of the federal internal revenue
33 code, a partnership or a limited liability company, the credit provided
34 by this section shall be claimed by the shareholders of such
35 corporation, the partners of such partnership or the members of such
36 limited liability company in the same manner as such shareholders,
37 partners or members account for their proportionate shares of the
38 income or loss of the corporation, partnership or limited liability
39 company. The secretary of revenue shall adopt rules and regulations

1 regarding the filing of documents that support the amount of credit
2 claimed pursuant to this section.

3 Sec. ~~13~~ **12**. K.S.A. 2010 Supp. 79-3606 is hereby amended to
4 read as follows: 79-3606. The following shall be exempt from the tax
5 imposed by this act:

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

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

34 (c) all sales of tangible personal property or services, including the
35 renting and leasing of tangible personal property, purchased directly by
36 a public or private elementary or secondary school or public or private
37 nonprofit educational institution and used primarily by such school or
38 institution for nonsectarian programs and activities provided or
39 sponsored by such school or institution or in the erection, repair or

1 enlargement of buildings to be used for such purposes. The exemption
2 herein provided shall not apply to erection, construction, repair,
3 enlargement or equipment of buildings used primarily for human
4 habitation;

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

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

1 in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

34 (f) tangible personal property purchased by a railroad or public
35 utility for consumption or movement directly and immediately in
36 interstate commerce;

37 (g) sales of aircraft including remanufactured and modified
38 aircraft sold to persons using directly or through an authorized agent
39 such aircraft as certified or licensed carriers of persons or property in

- 1 interstate or foreign commerce under authority of the laws of the
2 United States or any foreign government or sold to any foreign
3 government or agency or instrumentality of such foreign government
4 and all sales of aircraft for use outside of the United States and sales of
5 aircraft repair, modification and replacement parts and sales of services
6 employed in the remanufacture, modification and repair of aircraft;
- 7 (h) all rentals of nonsectarian textbooks by public or private
8 elementary or secondary schools;
- 9 (i) the lease or rental of all films, records, tapes, or any type of
10 sound or picture transcriptions used by motion picture exhibitors;
- 11 (j) meals served without charge or food used in the preparation of
12 such meals to employees of any restaurant, eating house, dining car,
13 hotel, drugstore or other place where meals or drinks are regularly sold
14 to the public if such employees' duties are related to the furnishing or
15 sale of such meals or drinks;
- 16 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
17 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and
18 delivered in this state to a bona fide resident of another state, which
19 motor vehicle, semitrailer, pole trailer or aircraft is not to be registered
20 or based in this state and which vehicle, semitrailer, pole trailer or
21 aircraft will not remain in this state more than 10 days;
- 22 (l) all isolated or occasional sales of tangible personal property,
23 services, substances or things, except isolated or occasional sale of
24 motor vehicles specifically taxed under the provisions of subsection (o)
25 of K.S.A. 79-3603, and amendments thereto;
- 26 (m) all sales of tangible personal property which become an
27 ingredient or component part of tangible personal property or services
28 produced, manufactured or compounded for ultimate sale at retail
29 within or without the state of Kansas; and any such producer,
30 manufacturer or compounder may obtain from the director of taxation
31 and furnish to the supplier an exemption certificate number for tangible
32 personal property for use as an ingredient or component part of the
33 property or services produced, manufactured or compounded;
- 34 (n) all sales of tangible personal property which is consumed in
35 the production, manufacture, processing, mining, drilling, refining or
36 compounding of tangible personal property, the treating of by-products
37 or wastes derived from any such production process, the providing of
38 services or the irrigation of crops for ultimate sale at retail within or
39 without the state of Kansas; and any purchaser of such property may

- 1 obtain from the director of taxation and furnish to the supplier an
2 exemption certificate number for tangible personal property for
3 consumption in such production, manufacture, processing, mining,
4 drilling, refining, compounding, treating, irrigation and in providing
5 such services;
- 6 (o) all sales of animals, fowl and aquatic plants and animals, the
7 primary purpose of which is use in agriculture or aquaculture, as
8 defined in K.S.A. 47-1901, and amendments thereto, the production of
9 food for human consumption, the production of animal, dairy, poultry
10 or aquatic plant and animal products, fiber or fur, or the production of
11 offspring for use for any such purpose or purposes;
- 12 (p) all sales of drugs dispensed pursuant to a prescription order by
13 a licensed practitioner or a mid-level practitioner as defined by K.S.A.
14 65-1626, and amendments thereto. As used in this subsection, "drug"
15 means a compound, substance or preparation and any component of a
16 compound, substance or preparation, other than food and food
17 ingredients, dietary supplements or alcoholic beverages, recognized in
18 the official United States pharmacopoeia, official homeopathic
19 pharmacopoeia of the United States or official national formulary, and
20 supplement to any of them, intended for use in the diagnosis, cure,
21 mitigation, treatment or prevention of disease or intended to affect the
22 structure or any function of the body;
- 23 (q) all sales of insulin dispensed by a person licensed by the state
24 board of pharmacy to a person for treatment of diabetes at the direction
25 of a person licensed to practice medicine by the board of healing arts;
- 26 (r) all sales of oxygen delivery equipment, kidney dialysis
27 equipment, enteral feeding systems, prosthetic devices and mobility
28 enhancing equipment prescribed in writing by a person licensed to
29 practice the healing arts, dentistry or optometry, and in addition to such
30 sales, all sales of hearing aids, as defined by subsection (c) of K.S.A.
31 74-5807, and amendments thereto, and repair and replacement parts
32 therefor, including batteries, by a person licensed in the practice of
33 dispensing and fitting hearing aids pursuant to the provisions of K.S.A.
34 74-5808, and amendments thereto. For the purposes of this subsection:
35 (1) "Mobility enhancing equipment" means equipment including repair
36 and replacement parts to same, but does not include durable medical
37 equipment, which is primarily and customarily used to provide or
38 increase the ability to move from one place to another and which is
39 appropriate for use either in a home or a motor vehicle; is not generally

1 used by persons with normal mobility; and does not include any motor
2 vehicle or equipment on a motor vehicle normally provided by a motor
3 vehicle manufacturer; and (2) "prosthetic device" means a replacement,
4 corrective or supportive device including repair and replacement parts
5 for same worn on or in the body to artificially replace a missing portion
6 of the body, prevent or correct physical deformity or malfunction or
7 support a weak or deformed portion of the body;

8 (s) except as provided in K.S.A. 2010 Supp. 82a-2101, and
9 amendments thereto, all sales of tangible personal property or services
10 purchased directly or indirectly by a groundwater management district
11 organized or operating under the authority of K.S.A. 82a-1020 et seq.,
12 and amendments thereto, by a rural water district organized or
13 operating under the authority of K.S.A. 82a-612, and amendments
14 thereto, or by a water supply district organized or operating under the
15 authority of K.S.A. 19-3501 et seq., 19-3522 et seq. or 19-3545, and
16 amendments thereto, which property or services are used in the
17 construction activities, operation or maintenance of the district;

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

1 seller that the farm machinery and equipment or aquaculture machinery
2 and equipment purchased will be used only in farming, ranching or
3 aquaculture production. Farming or ranching shall include the operation
4 of a feedlot and farm and ranch work for hire and the operation of a
5 nursery;

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

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

23 (w) all sales of natural gas, electricity, heat and water delivered
24 through mains, lines or pipes: (1) To residential premises for
25 noncommercial use by the occupant of such premises; (2) for
26 agricultural use and also, for such use, all sales of propane gas; (3) for
27 use in the severing of oil; and (4) to any property which is exempt from
28 property taxation pursuant to K.S.A. 79-201b *Second* through *Sixth*. As
29 used in this paragraph, "severing" shall have the meaning ascribed
30 thereto by subsection (k) of K.S.A. 79-4216, and amendments thereto.
31 For all sales of natural gas, electricity and heat delivered through
32 mains, lines or pipes pursuant to the provisions of subsection (w)(1)
33 and (w)(2), the provisions of this subsection shall expire on December
34 31, 2005;

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

38 (y) all sales of materials and services used in the repairing,
39 servicing, altering, maintaining, manufacturing, remanufacturing, or

1 modification of railroad rolling stock for use in interstate or foreign
2 commerce under authority of the laws of the United States;

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

6 (aa) all sales of materials and services applied to equipment which
7 is transported into the state from without the state for repair, service,
8 alteration, maintenance, remanufacture or modification and which is
9 subsequently transported outside the state for use in the transmission of
10 liquids or natural gas by means of pipeline in interstate or foreign
11 commerce under authority of the laws of the United States;

12 (bb) all sales of used mobile homes or manufactured homes. As
13 used in this subsection: (1) "Mobile homes" and "manufactured homes"
14 shall have the meanings ascribed thereto by K.S.A. 58-4202, and
15 amendments thereto; and (2) "sales of used mobile homes or
16 manufactured homes" means sales other than the original retail sale
17 thereof;

18 (cc) all sales of tangible personal property or services purchased
19 *prior to January 1, 2012, except as otherwise provided*, for the purpose
20 of and in conjunction with constructing, reconstructing, enlarging or
21 remodeling a business or retail business which meets the requirements
22 established in K.S.A. 74-50,115, and amendments thereto, and the sale
23 and installation of machinery and equipment purchased for installation
24 at any such business or retail business, *and all sales of tangible*
25 *personal property or services purchased on or after January 1, 2012,*
26 ~~and before January 1, 2017~~, *for the purpose of and in conjunction with*
27 *constructing, reconstructing, enlarging or remodeling a business which*
28 *meets the requirements established in K.S.A. 74-50,115(e), and*
29 *amendments thereto, and the sale and installation of machinery and*
30 *equipment purchased for installation at any such business.* When a
31 person shall contract for the construction, reconstruction, enlargement
32 or remodeling of any such business or retail business, such person shall
33 obtain from the state and furnish to the contractor an exemption
34 certificate for the project involved, and the contractor may purchase
35 materials, machinery and equipment for incorporation in such project.
36 The contractor shall furnish the number of such certificates to all
37 suppliers from whom such purchases are made, and such suppliers shall
38 execute invoices covering the same bearing the number of such
39 certificate. Upon completion of the project the contractor shall furnish

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

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

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

30 (ff) on and after July 1, 1988, all sales of new mobile homes or
31 manufactured homes to the extent of 40% of the gross receipts,
32 determined without regard to any trade-in allowance, received from
33 such sale. As used in this subsection, "mobile homes" and
34 "manufactured homes" shall have the meanings ascribed thereto by
35 K.S.A. 58-4202, and amendments thereto;

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

39 (hh) all sales of medical supplies and equipment, including

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

21 (jj) all sales of tangible personal property or services, including the
22 renting and leasing of tangible personal property, purchased directly on
23 behalf of a community-based mental retardation facility or mental
24 health center organized pursuant to K.S.A. 19-4001 et seq., and
25 amendments thereto, and licensed in accordance with the provisions of
26 K.S.A. 75-3307b, and amendments thereto and all sales of tangible
27 personal property or services purchased by contractors during the time
28 period from July, 2003, through June, 2006, for the purpose of
29 constructing, equipping, maintaining or furnishing a new facility for a
30 community-based mental retardation facility or mental health center
31 located in Riverton, Cherokee County, Kansas, which would have been
32 eligible for sales tax exemption pursuant to this subsection if purchased
33 directly by such facility or center. This exemption shall not apply to
34 tangible personal property customarily used for human habitation
35 purposes;

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

39 (B) all sales of installation, repair and maintenance services

1 performed on such machinery and equipment; and
2 (C) all sales of repair and replacement parts and accessories
3 purchased for such machinery and equipment.
4 (2) For purposes of this subsection:
5 (A) "Integrated production operation" means an integrated series
6 of operations engaged in at a manufacturing or processing plant or
7 facility to process, transform or convert tangible personal property by
8 physical, chemical or other means into a different form, composition or
9 character from that in which it originally existed. Integrated production
10 operations shall include: (i) Production line operations, including
11 packaging operations; (ii) preproduction operations to handle, store and
12 treat raw materials; (iii) post production handling, storage, warehousing
13 and distribution operations; and (iv) waste, pollution and environmental
14 control operations, if any;
15 (B) "production line" means the assemblage of machinery and
16 equipment at a manufacturing or processing plant or facility where the
17 actual transformation or processing of tangible personal property
18 occurs;
19 (C) "manufacturing or processing plant or facility" means a single,
20 fixed location owned or controlled by a manufacturing or processing
21 business that consists of one or more structures or buildings in a
22 contiguous area where integrated production operations are conducted
23 to manufacture or process tangible personal property to be ultimately
24 sold at retail. Such term shall not include any facility primarily
25 operated for the purpose of conveying or assisting in the conveyance of
26 natural gas, electricity, oil or water. A business may operate one or
27 more manufacturing or processing plants or facilities at different
28 locations to manufacture or process a single product of tangible
29 personal property to be ultimately sold at retail;
30 (D) "manufacturing or processing business" means a business that
31 utilizes an integrated production operation to manufacture, process,
32 fabricate, finish, or assemble items for wholesale and retail distribution
33 as part of what is commonly regarded by the general public as an
34 industrial manufacturing or processing operation or an agricultural
35 commodity processing operation. (i) Industrial manufacturing or
36 processing operations include, by way of illustration but not of
37 limitation, the fabrication of automobiles, airplanes, machinery or
38 transportation equipment, the fabrication of metal, plastic, wood, or
39 paper products, electricity power generation, water treatment,

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

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

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

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

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

- 1 (B) to transport, convey, handle or store the property undergoing
2 manufacturing or processing at any point from the beginning of the
3 production line through any warehousing or distribution operation of
4 the final product that occurs at the plant or facility;
- 5 (C) to act upon, effect, promote or otherwise facilitate a physical
6 change to the property undergoing manufacturing or processing;
- 7 (D) to guide, control or direct the movement of property
8 undergoing manufacturing or processing;
- 9 (E) to test or measure raw materials, the property undergoing
10 manufacturing or processing or the finished product, as a necessary part
11 of the manufacturer's integrated production operations;
- 12 (F) to plan, manage, control or record the receipt and flow of
13 inventories of raw materials, consumables and component parts, the
14 flow of the property undergoing manufacturing or processing and the
15 management of inventories of the finished product;
- 16 (G) to produce energy for, lubricate, control the operating of or
17 otherwise enable the functioning of other production machinery and
18 equipment and the continuation of production operations;
- 19 (H) to package the property being manufactured or processed in a
20 container or wrapping in which such property is normally sold or
21 transported;
- 22 (I) to transmit or transport electricity, coke, gas, water, steam or
23 similar substances used in production operations from the point of
24 generation, if produced by the manufacturer or processor at the plant
25 site, to that manufacturer's production operation; or, if purchased or
26 delivered from offsite, from the point where the substance enters the
27 site of the plant or facility to that manufacturer's production operations;
- 28 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
29 oil, solvents or other substances that are used in production operations;
- 30 (K) to provide and control an environment required to maintain
31 certain levels of air quality, humidity or temperature in special and
32 limited areas of the plant or facility, where such regulation of
33 temperature or humidity is part of and essential to the production
34 process;
- 35 (L) to treat, transport or store waste or other byproducts of
36 production operations at the plant or facility; or
- 37 (M) to control pollution at the plant or facility where the pollution
38 is produced by the manufacturing or processing operation.
- 39 (4) The following machinery, equipment and materials shall be

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

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

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

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

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

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

- 1 (E) furniture and other furnishings;
- 2 (F) buildings, other than exempt machinery and equipment that is
3 permanently affixed to or becomes a physical part of the building, and
4 any other part of real estate that is not otherwise exempt;
- 5 (G) building fixtures that are not integral to the manufacturing
6 operation, such as utility systems for heating, ventilation, air
7 conditioning, communications, plumbing or electrical;
- 8 (H) machinery and equipment used for general plant heating,
9 cooling and lighting;
- 10 (I) motor vehicles that are registered for operation on public
11 highways; or
- 12 (J) employee apparel, except safety and protective apparel that is
13 purchased by an employer and furnished gratuitously to employees
14 who are involved in production or research activities.
- 15 (6) Subsections (3) and (5) shall not be construed as exclusive
16 listings of the machinery and equipment that qualify or do not qualify
17 as an integral or essential part of an integrated production operation.
18 When machinery or equipment is used as an integral or essential part of
19 production operations part of the time and for nonproduction purpose at
20 other times, the primary use of the machinery or equipment shall
21 determine whether or not such machinery or equipment qualifies for
22 exemption.
- 23 (7) The secretary of revenue shall adopt rules and regulations
24 necessary to administer the provisions of this subsection;
- 25 (ll) all sales of educational materials purchased for distribution to
26 the public at no charge by a nonprofit corporation organized for the
27 purpose of encouraging, fostering and conducting programs for the
28 improvement of public health;
- 29 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,
30 herbicides, germicides, pesticides and fungicides; and services,
31 purchased and used for the purpose of producing plants in order to
32 prevent soil erosion on land devoted to agricultural use;
- 33 (nn) except as otherwise provided in this act, all sales of services
34 rendered by an advertising agency or licensed broadcast station or any
35 member, agent or employee thereof;
- 36 (oo) all sales of tangible personal property purchased by a
37 community action group or agency for the exclusive purpose of
38 repairing or weatherizing housing occupied by low income individuals;
- 39 (pp) all sales of drill bits and explosives actually utilized in the

- 1 exploration and production of oil or gas;
- 2 (qq) all sales of tangible personal property and services purchased
3 by a nonprofit museum or historical society or any combination thereof,
4 including a nonprofit organization which is organized for the purpose
5 of stimulating public interest in the exploration of space by providing
6 educational information, exhibits and experiences, which is exempt
7 from federal income taxation pursuant to section 501(c)(3) of the
8 federal internal revenue code of 1986;
- 9 (rr) all sales of tangible personal property which will admit the
10 purchaser thereof to any annual event sponsored by a nonprofit
11 organization which is exempt from federal income taxation pursuant to
12 section 501(c)(3) of the federal internal revenue code of 1986;
- 13 (ss) all sales of tangible personal property and services purchased
14 by a public broadcasting station licensed by the federal
15 communications commission as a noncommercial educational
16 television or radio station;
- 17 (tt) all sales of tangible personal property and services purchased
18 by or on behalf of a not-for-profit corporation which is exempt from
19 federal income taxation pursuant to section 501(c)(3) of the federal
20 internal revenue code of 1986, for the sole purpose of constructing a
21 Kansas Korean War memorial;
- 22 (uu) all sales of tangible personal property and services purchased
23 by or on behalf of any rural volunteer fire-fighting organization for use
24 exclusively in the performance of its duties and functions;
- 25 (vv) all sales of tangible personal property purchased by any of the
26 following organizations which are exempt from federal income taxation
27 pursuant to section 501(c)(3) of the federal internal revenue code of
28 1986, for the following purposes, and all sales of any such property by
29 or on behalf of any such organization for any such purpose:
- 30 (1) The American Heart Association, Kansas Affiliate, Inc. for the
31 purposes of providing education, training, certification in emergency
32 cardiac care, research and other related services to reduce disability and
33 death from cardiovascular diseases and stroke;
- 34 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
35 advocacy for persons with mental illness and to education, research and
36 support for their families;
- 37 (3) the Kansas Mental Illness Awareness Council for the purposes
38 of advocacy for persons who are mentally ill and to education, research
39 and support for them and their families;

- 1 (4) the American Diabetes Association Kansas Affiliate, Inc. for
2 the purpose of eliminating diabetes through medical research, public
3 education focusing on disease prevention and education, patient
4 education including information on coping with diabetes, and
5 professional education and training;
- 6 (5) the American Lung Association of Kansas, Inc. for the purpose
7 of eliminating all lung diseases through medical research, public
8 education including information on coping with lung diseases,
9 professional education and training related to lung disease and other
10 related services to reduce the incidence of disability and death due to
11 lung disease;
- 12 (6) the Kansas chapters of the Alzheimer's Disease and Related
13 Disorders Association, Inc. for the purpose of providing assistance and
14 support to persons in Kansas with Alzheimer's disease, and their
15 families and caregivers;
- 16 (7) the Kansas chapters of the Parkinson's disease association for
17 the purpose of eliminating Parkinson's disease through medical
18 research and public and professional education related to such disease;
- 19 (8) the National Kidney Foundation of Kansas and Western
20 Missouri for the purpose of eliminating kidney disease through medical
21 research and public and private education related to such disease;
- 22 (9) the heartstrings community foundation for the purpose of
23 providing training, employment and activities for adults with
24 developmental disabilities;
- 25 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
26 the purposes of assuring the development of the means to cure and
27 control cystic fibrosis and improving the quality of life for those with
28 the disease;
- 29 (11) the spina bifida association of Kansas for the purpose of
30 providing financial, educational and practical aid to families and
31 individuals with spina bifida. Such aid includes, but is not limited to,
32 funding for medical devices, counseling and medical educational
33 opportunities;
- 34 (12) the CHWC, Inc., for the purpose of rebuilding urban core
35 neighborhoods through the construction of new homes, acquiring and
36 renovating existing homes and other related activities, and promoting
37 economic development in such neighborhoods;
- 38 (13) the cross-lines cooperative council for the purpose of
39 providing social services to low income individuals and families;

- 1 (14) the Dreams Work, Inc., for the purpose of providing young
2 adult day services to individuals with developmental disabilities and
3 assisting families in avoiding institutional or nursing home care for a
4 developmentally disabled member of their family;
- 5 (15) the KSDS, Inc., for the purpose of promoting the
6 independence and inclusion of people with disabilities as fully
7 participating and contributing members of their communities and
8 society through the training and providing of guide and service dogs to
9 people with disabilities, and providing disability education and
10 awareness to the general public;
- 11 (16) the lyme association of greater Kansas City, Inc., for the
12 purpose of providing support to persons with lyme disease and public
13 education relating to the prevention, treatment and cure of lyme
14 disease;
- 15 (17) the Dream Factory, Inc., for the purpose of granting the
16 dreams of children with critical and chronic illnesses;
- 17 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
18 students and families with education and resources necessary to enable
19 each child to develop fine character and musical ability to the fullest
20 potential;
- 21 (19) the International Association of Lions Clubs for the purpose
22 of creating and fostering a spirit of understanding among all people for
23 humanitarian needs by providing voluntary services through
24 community involvement and international cooperation;
- 25 (20) the Johnson county young matrons, inc., for the purpose of
26 promoting a positive future for members of the community through
27 volunteerism, financial support and education through the efforts of an
28 all volunteer organization;
- 29 (21) the American Cancer Society, Inc., for the purpose of
30 eliminating cancer as a major health problem by preventing cancer,
31 saving lives and diminishing suffering from cancer, through research,
32 education, advocacy and service;
- 33 (22) the community services of Shawnee, inc., for the purpose of
34 providing food and clothing to those in need;
- 35 (23) the angel babies association, for the purpose of providing
36 assistance, support and items of necessity to teenage mothers and their
37 babies; and
- 38 (24) the Kansas fairgrounds foundation for the purpose of the
39 preservation, renovation and beautification of the Kansas state

1 fairgrounds;

2 (ww) all sales of tangible personal property purchased by the
3 Habitat for Humanity for the exclusive use of being incorporated within
4 a housing project constructed by such organization;

5 (xx) all sales of tangible personal property and services purchased
6 by a nonprofit zoo which is exempt from federal income taxation
7 pursuant to section 501(c)(3) of the federal internal revenue code of
8 1986, or on behalf of such zoo by an entity itself exempt from federal
9 income taxation pursuant to section 501(c)(3) of the federal internal
10 revenue code of 1986 contracted with to operate such zoo and all sales
11 of tangible personal property or services purchased by a contractor for
12 the purpose of constructing, equipping, reconstructing, maintaining,
13 repairing, enlarging, furnishing or remodeling facilities for any
14 nonprofit zoo which would be exempt from taxation under the
15 provisions of this section if purchased directly by such nonprofit zoo or
16 the entity operating such zoo. Nothing in this subsection shall be
17 deemed to exempt the purchase of any construction machinery,
18 equipment or tools used in the constructing, equipping, reconstructing,
19 maintaining, repairing, enlarging, furnishing or remodeling facilities for
20 any nonprofit zoo. When any nonprofit zoo shall contract for the
21 purpose of constructing, equipping, reconstructing, maintaining,
22 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
23 from the state and furnish to the contractor an exemption certificate for
24 the project involved, and the contractor may purchase materials for
25 incorporation in such project. The contractor shall furnish the number
26 of such certificate to all suppliers from whom such purchases are made,
27 and such suppliers shall execute invoices covering the same bearing the
28 number of such certificate. Upon completion of the project the
29 contractor shall furnish to the nonprofit zoo 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.
32 All invoices shall be held by the contractor for a period of five years
33 and shall be subject to audit by the director of taxation. If any materials
34 purchased under such a certificate are found not to have been
35 incorporated in the building or other project or not to have been
36 returned for credit or the sales or compensating tax otherwise imposed
37 upon such materials which will not be so incorporated in the building
38 or other project reported and paid by such contractor to the director of
39 taxation not later than the 20th day of the month following the close of

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

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

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

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

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

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

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

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

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

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

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

32 (fff) all sales of material handling equipment, racking systems and
33 other related machinery and equipment that is used for the handling,
34 movement or storage of tangible personal property in a warehouse or
35 distribution facility in this state; all sales of installation, repair and
36 maintenance services performed on such machinery and equipment;
37 and all sales of repair and replacement parts for such machinery and
38 equipment. For purposes of this subsection, a warehouse or distribution
39 facility means a single, fixed location that consists of buildings or

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

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

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

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

1 constructing, equipping, reconstructing, maintaining, repairing,
2 enlarging, furnishing or remodeling facilities, it shall obtain from the
3 state and furnish to the contractor an exemption certificate for the
4 project involved, and the contractor may purchase materials for
5 incorporation in such project. The contractor shall furnish the number
6 of such certificate to all suppliers from whom such purchases are made,
7 and such suppliers shall execute invoices covering the same bearing the
8 number of such certificate. Upon completion of the project the
9 contractor shall furnish to such organization 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.
12 All invoices shall be held by the contractor for a period of five years
13 and shall be subject to audit by the director of taxation. If any materials
14 purchased under such a certificate are found not to have been
15 incorporated in such facilities or not to have been returned for credit or
16 the sales or compensating tax otherwise imposed upon such materials
17 which will not be so incorporated in such facilities reported and paid by
18 such contractor to the director of taxation not later than the 20th day of
19 the month following the close of the month in which it shall be
20 determined that such materials will not be used for the purpose for
21 which such certificate was issued, such organization concerned shall be
22 liable for tax on all materials purchased for the project, and upon
23 payment thereof it may recover the same from the contractor together
24 with reasonable attorney fees. Any contractor or any agent, employee
25 or subcontractor thereof, who shall use or otherwise dispose of any
26 materials purchased under such a certificate for any purpose other than
27 that for which such a certificate is issued without the payment of the
28 sales or compensating tax otherwise imposed upon such materials, shall
29 be guilty of a misdemeanor and, upon conviction therefor, shall be
30 subject to the penalties provided for in subsection (g) of K.S.A. 79-
31 3615, and amendments thereto. Sales tax paid on and after July 1, 2005,
32 but prior to the effective date of this act upon the gross receipts
33 received from any sale exempted by the amendatory provisions of this
34 subsection shall be refunded. Each claim for a sales tax refund shall be
35 verified and submitted to the director of taxation upon forms furnished
36 by the director and shall be accompanied by any additional
37 documentation required by the director. The director shall review each
38 claim and shall refund that amount of sales tax paid as determined
39 under the provisions of this subsection. All refunds shall be paid from

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

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

19 (lll) all sales of tangible personal property and services purchased
20 by special olympics Kansas, inc. for the purpose of providing year-
21 round sports training and athletic competition in a variety of olympic-
22 type sports for individuals with intellectual disabilities by giving them
23 continuing opportunities to develop physical fitness, demonstrate
24 courage, experience joy and participate in a sharing of gifts, skills and
25 friendship with their families, other special olympics athletes and the
26 community, and activities provided or sponsored by such organization,
27 and all sales of tangible personal property by or on behalf of any such
28 organization;

29 (mmm) all sales of tangible personal property purchased by or on
30 behalf of the Marillac Center, Inc., which is exempt from federal
31 income taxation pursuant to section 501(c)(3) of the federal internal
32 revenue code, for the purpose of providing psycho-social-biological
33 and special education services to children, and all sales of any such
34 property by or on behalf of such organization for such purpose;

35 (nnn) all sales of tangible personal property and services
36 purchased by the West Sedgwick County-Sunrise Rotary Club and
37 Sunrise Charitable Fund for the purpose of constructing a boundless
38 playground which is an integrated, barrier free and developmentally
39 advantageous play environment for children of all abilities and

1 disabilities;

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

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

14 (qqq) all sales of tangible personal property and services
15 purchased by TLC for children and families, inc., hereinafter referred to
16 as TLC, which is exempt from federal income taxation pursuant to
17 section 501(c)(3) of the federal internal revenue code of 1986, and
18 which such property and services are used for the purpose of providing
19 emergency shelter and treatment for abused and neglected children as
20 well as meeting additional critical needs for children, juveniles and
21 family, and all sales of any such property by or on behalf of TLC for
22 any such purpose; and all sales of tangible personal property or services
23 purchased by a contractor for the purpose of constructing, maintaining,
24 repairing, enlarging, furnishing or remodeling facilities for the
25 operation of services for TLC for any such purpose which would be
26 exempt from taxation under the provisions of this section if purchased
27 directly by TLC. Nothing in this subsection shall be deemed to exempt
28 the purchase of any construction machinery, equipment or tools used in
29 the constructing, maintaining, repairing, enlarging, furnishing or
30 remodeling such facilities for TLC. When TLC contracts for the
31 purpose of constructing, maintaining, repairing, enlarging, furnishing or
32 remodeling such facilities, it shall obtain from the state and furnish to
33 the contractor an exemption certificate for the project involved, and the
34 contractor may purchase materials for incorporation in such project.
35 The contractor shall furnish the number of such certificate to all
36 suppliers from whom such purchases are made, and such suppliers shall
37 execute invoices covering the same bearing the number of such
38 certificate. Upon completion of the project the contractor shall furnish
39 to TLC 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
2 this subsection. All invoices shall be held by the contractor for a period
3 of five years and shall be subject to audit by the director of taxation. If
4 any materials purchased under such a certificate are found not to have
5 been incorporated in the building or other project or not to have been
6 returned for credit or the sales or compensating tax otherwise imposed
7 upon such materials which will not be so incorporated in the building
8 or other project reported and paid by such contractor to the director of
9 taxation not later than the 20th day of the month following the close of
10 the month in which it shall be determined that such materials will not
11 be used for the purpose for which such certificate was issued, TLC
12 shall be liable for tax on all materials purchased for the project, and
13 upon payment thereof it may recover the same from the contractor
14 together with reasonable attorney fees. Any contractor or any agent,
15 employee or subcontractor thereof, who shall use or otherwise dispose
16 of any materials purchased under such a certificate for any purpose
17 other than that for which such a certificate is issued without the
18 payment of the sales or compensating tax otherwise imposed upon such
19 materials, shall be guilty of a misdemeanor and, upon conviction
20 thereof, shall be subject to the penalties provided for in subsection (g)
21 of K.S.A. 79-3615, and amendments thereto;

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

30 (sss) all sales of tangible personal property and services purchased
31 by catholic charities or youthville, hereinafter referred to as charitable
32 family providers, which is exempt from federal income taxation
33 pursuant to section 501(c)(3) of the federal internal revenue code of
34 1986, and which such property and services are used for the purpose of
35 providing emergency shelter and treatment for abused and neglected
36 children as well as meeting additional critical needs for children,
37 juveniles and family, and all sales of any such property by or on behalf
38 of charitable family providers for any such purpose; and all sales of
39 tangible personal property or services purchased by a contractor for the

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

1 amendments thereto;

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

1 materials purchased for the project, and upon payment thereof it may
2 recover the same from the contractor together with reasonable attorney
3 fees. Any contractor or any agent, employee or subcontractor thereof,
4 who shall use or otherwise dispose of any materials purchased under
5 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
7 tax otherwise imposed upon such materials, shall be guilty of a
8 misdemeanor and, upon conviction therefor, shall be subject to the
9 penalties provided for in subsection (g) of K.S.A. 79-3615, and
10 amendments thereto;

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

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

19 (vvv) all sales of tangible personal property or services, including
20 the renting and leasing of tangible personal property or services,
21 purchased by Jazz in the Woods, Inc., a Kansas corporation which is
22 exempt from federal income taxation pursuant to section 501(c)(3) of
23 the federal internal revenue code, for the purpose of providing Jazz in
24 the Woods, an event benefiting children-in-need and other nonprofit
25 charities assisting such children, and all sales of any such property by
26 or on behalf of such organization for such purpose;

27 (www) all sales of tangible personal property purchased by or on
28 behalf of the Frontenac Education Foundation, which is exempt from
29 federal income taxation pursuant to section 501(c)(3) of the federal
30 internal revenue code, for the purpose of providing education support
31 for students, and all sales of any such property by or on behalf of such
32 organization for such purpose;

33 (xxx) all sales of personal property and services purchased by the
34 booth theatre foundation, inc., an organization which is exempt from
35 federal income taxation pursuant to section 501(c)(3) of the federal
36 internal revenue code of 1986, and which such personal property and
37 services are used by any such organization in the constructing,
38 equipping, reconstructing, maintaining, repairing, enlarging, furnishing
39 or remodeling of the booth theatre, and all sales of tangible personal

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

1 subject to the penalties provided for in subsection (g) of K.S.A. 79-
2 3615, and amendments thereto. Sales tax paid on and after January 1,
3 2007, but prior to the effective date of this act upon the gross receipts
4 received from any sale which would have been exempted by the
5 provisions of this subsection had such sale occurred after the effective
6 date of this act shall be refunded. Each claim for a sales tax refund shall
7 be verified and submitted to the director of taxation upon forms
8 furnished by the director and shall be accompanied by any additional
9 documentation required by the director. The director shall review each
10 claim and shall refund that amount of sales tax paid as determined
11 under the provisions of this subsection. All refunds shall be paid from
12 the sales tax refund fund upon warrants of the director of accounts and
13 reports pursuant to vouchers approved by the director or the director's
14 designee;

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

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

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

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

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

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

11 (dddd) all sales of tangible personal property or services purchased
12 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
13 both of which are exempt from federal income taxation pursuant to
14 section 501(c)(3) of the federal internal revenue code, for the purpose
15 of providing education, training and employment opportunities for
16 people with disabilities and other barriers to employment;

17 (eeee) all sales of tangible personal property or services purchased
18 by or on behalf of All American Beef Battalion, Inc., which is exempt
19 from federal income taxation pursuant to section 501(c)(3) of the
20 federal internal revenue code, for the purpose of educating, promoting
21 and participating as a contact group through the beef cattle industry in
22 order to carry out such projects that provide support and morale to
23 members of the United States armed forces and military services; and

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

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

33 **New Sec. 13. Prior to January 1, 2017, the standing committee**
34 **on assessment and taxation of the senate and the standing**
35 **committee on taxation of the house of representatives shall review**
36 **the income tax credit cost effectiveness report prepared by the**
37 **department of revenue as required pursuant to K.S.A. 74-99b35,**
38 **and amendments thereto, and other relevant information to**
39 **determine whether the credits provided in K.S.A. 74-50,132 and**

1 **subsection (e) of K.S.A. 79-32,160a, and amendments thereto, and**
2 **the exemption provided in subsection (cc) of K.S.A. 79-3606, and**
3 **amendments thereto, shall continue in effect or be repealed.**

4 Sec. 14. K.S.A. 2010 Supp. 74-50,104, 74-50,106, 74-50,107, 74-
5 50,109, 74-50,110, 74-50,111, ~~74-50,132~~, 79-32,160a, 79-32,206 and
6 79-3606 are hereby repealed.

7 Sec. 15. On January 1, 2012, K.S.A. 2010 Supp. 74-50,151 and
8 74-50,152 are hereby repealed.

9 Sec. 16. This act shall take effect and be in force from and after its
10 publication in the statute book.