

**HOUSE BILL No. 2403**

By Committee on Appropriations

3-17

1 AN ACT concerning economic development; relating to enterprise zones;  
2 rural opportunity zones; amending K.S.A. 74-50,116 and 74-50,118 and  
3 K.S.A. 2016 Supp. 74-50,115, 74-50,223, 79-32,160a, 79-32,160g and  
4 79-3606 and repealing the existing sections.

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

7 Section 1. K.S.A. 2016 Supp. 74-50,115 is hereby amended to read as  
8 follows: 74-50,115. (a) A manufacturing business may be eligible for a  
9 sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-  
10 3606, and amendments thereto, if the manufacturing business complies  
11 with the following requirements:

12 (1) *The business is located in a county that has been designated a*  
13 *rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-50,222, and*  
14 *amendments thereto, and that has been approved by the secretary as a*  
15 *nonmetropolitan region pursuant to K.S.A. 74-50,116, and amendments*  
16 *thereto;*

17 (2) a manufacturing business shall provide documented evidence of  
18 job expansion involving the employment of at least two additional full-  
19 time employees; and

20 ~~(2)~~ (3) a manufacturing business located within the state of Kansas  
21 that has documented evidence of job expansion as provided in paragraph  
22 ~~(2)~~, which relocates in another city or county within the state of  
23 Kansas, *as required by paragraph (1)*, must receive approval from the  
24 secretary prior to qualifying for the sales tax exemption in subsection (cc)  
25 of K.S.A. 79-3606, and amendments thereto, except that approval by the  
26 secretary shall not be required if the manufacturing business relocates  
27 within the same city.

28 (b) A nonmanufacturing business may be eligible for a sales tax  
29 exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and  
30 amendments thereto, if the nonmanufacturing business complies with the  
31 following requirements:

32 (1) *The business is located in a county that has been designated a*  
33 *rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-50,222, and*  
34 *amendments thereto, and that has been approved by the secretary as a*  
35 *nonmetropolitan region pursuant to K.S.A. 74-50,116, and amendments*  
36 *thereto;*

1       (2) a nonmanufacturing business shall provide documented evidence  
2 of job expansion involving the employment of at least five additional full-  
3 time employees; and

4       ~~(2)~~ (3) a nonmanufacturing business located within the state of  
5 Kansas that has documented evidence of job expansion as provided in  
6 paragraph~~(1)~~ (2), which relocates in another city or county within the state  
7 of Kansas, *as required by paragraph (1)*, must receive approval from the  
8 secretary prior to qualifying for the sales tax exemption in subsection (cc)  
9 of K.S.A. 79-3606, and amendments thereto, except that approval by the  
10 secretary shall not be required if the nonmanufacturing business relocates  
11 within the same city.

12       (c) A retail business may qualify for the sales tax exemption under  
13 subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the retail  
14 business complies with the following requirements:

15       (1) *The business is located in a county that has been designated a*  
16 *rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-50,222, and*  
17 *amendments thereto, and that has been approved by the secretary as a*  
18 *nonmetropolitan region pursuant to K.S.A. 74-50,116, and amendments*  
19 *thereto;*

20       (2) a retail business shall provide documented evidence of job  
21 expansion involving the employment of at least two additional full-time  
22 employees; and

23       ~~(2)~~ (3) (A) such retail business locates or expands to a city having a  
24 population of 2,500 or less, as determined by the latest Kansas division of  
25 budget revised population numbers that are certified to the secretary of  
26 state; or (B) such retail business locates or expands to a location outside a  
27 city in a county having a population of 10,000 or less, as determined by  
28 the latest Kansas division of budget revised population numbers that are  
29 certified to the secretary of state; *and (C) such location meets the*  
30 *requirements of paragraph (1).*

31       (d) Any person constructing, reconstructing, remodeling or enlarging  
32 a facility which will be leased in whole or in part for a period of five years  
33 or more, or commencing on the effective date of this act and ending on  
34 April 1, 2007, any person constructing, reconstructing, remodeling or  
35 enlarging a facility located within Saline county which title of such facility  
36 will be conveyed, to a business that would be eligible for a sales tax  
37 exemption hereunder if such business had constructed, reconstructed,  
38 enlarged or remodeled such facility or portion thereof itself shall be  
39 entitled to the sales tax exemption under the provisions of subsection (cc)  
40 of K.S.A. 79-3606, and amendments thereto. When such person leases less  
41 than the total facility to an eligible business, a project exemption  
42 certificate may be granted on: (1) The total cost of constructing,  
43 reconstructing, remodeling or enlarging, the facility multiplied by a

1 fraction given by dividing the number of leased square feet eligible for the  
2 sales tax exemption by the total square feet being constructed,  
3 reconstructed, remodeled or enlarged; or (2) the actual cost of  
4 constructing, reconstructing, remodeling or enlarging that portion of the  
5 facility to be occupied by the eligible business, as the person may elect.

6 (e) A business may qualify for a sales tax exemption under subsection  
7 (cc) of K.S.A. 79-3606, and amendments thereto, without regard to any of  
8 the foregoing requirements of this section if it is certified as a qualified  
9 firm by the secretary of commerce pursuant to K.S.A. 74-50,131, and  
10 amendments thereto, and is entitled to the corporate tax credit established  
11 in K.S.A. 74-50,132, and amendments thereto, or has received written  
12 approval for participation and has participated, during the tax year in  
13 which the exemption is claimed, in training assistance by the department  
14 of commerce under the Kansas industrial training, Kansas industrial  
15 retraining or state of Kansas investments in lifelong learning program.

16 (f) The secretary may adopt rules and regulations to implement and  
17 administer the provisions of this section.

18 Sec. 2. K.S.A. 74-50,116 is hereby amended to read as follows: 74-  
19 50,116. (a) The secretary shall establish a nonmetropolitan regional  
20 business program. The secretary shall establish criteria for the  
21 establishment of nonmetropolitan regions under such program and, in  
22 addition to other criteria established by the secretary, such criteria shall  
23 include the following:

24 (1) A nonmetropolitan region, ~~at a minimum,~~ shall be comprised of a  
25 county *or counties that have been designated a rural opportunity zone*  
26 *pursuant to K.S.A. 2016 Supp. 74-50,222, and amendments thereto;*

27 (2) any city with a population of 2,000, or more, within ~~a~~ *such* county  
28 proposing to establish a nonmetropolitan region must consent to  
29 participation in such nonmetropolitan region by entering into a written  
30 agreement with such county; and

31 (3) no city or cities of ~~a~~ *the* county nor any portion of ~~a~~ *the* county  
32 may be a part of a nonmetropolitan region if the whole county does not  
33 agree to the inclusion of such county in the region *and the question of*  
34 *whether the county shall participate in the nonmetropolitan regional*  
35 *business program has been approved by a vote by the board of county*  
36 *commissioners. Participation in the nonmetropolitan regional business*  
37 *program and the enterprise zone act shall be in lieu of participation in the*  
38 *rural opportunity zone program, K.S.A. 2016 Supp. 74-50,222 et seq., and*  
39 *amendments thereto.*

40 (b) *Upon approval by the board of county commissioners, the*  
41 *governing body of a city and the board of county commissioners of* ~~any~~  
42 *the* county making application to the secretary for the designation of a  
43 nonmetropolitan region under this section shall submit, in addition to the

1 application, a resolution requesting such area be approved as a  
2 nonmetropolitan region.

3 (c) To qualify for the establishment of a nonmetropolitan region  
4 under this section, a county or counties shall:

5 (1) File with the secretary a statement that a regional economic  
6 development organization has been established which has a membership  
7 located throughout the region served by the organization with  
8 representation of the manufacturing businesses, nonmanufacturing  
9 businesses and retail businesses participating under the program;

10 (2) adopt a regional strategic plan and have such plan filed with and  
11 reviewed by the secretary; and

12 (3) demonstrate a commitment to offering incentives which are  
13 regional in nature or which exact local support, such as public  
14 transportation, technical assistance, revitalization funding, infrastructure  
15 improvement funding and property tax abatements.

16 *The election of a county to participate in the enterprise zone act*  
17 *pursuant to this section shall be binding for a period of five years.*

18 Sec. 3. K.S.A. 74-50,118 is hereby amended to read as follows: 74-  
19 50,118. (a) Each designated nonmetropolitan region approved by the  
20 secretary shall submit an annual report to the secretary, in such form as the  
21 secretary may require, on or before February 15 of each year. Each report  
22 shall include:

23 (1) A list of local incentives for economic development available in  
24 such region during the prior year;

25 (2) the usage of the local incentives which the governing body  
26 committed to provide in such region; and

27 (3) such other information as required by the secretary.

28 (b) The secretary shall submit an annual report, pursuant to K.S.A.  
29 74-5049, and amendments thereto, each year detailing the information  
30 provided pursuant to subsection (a).

31 (c) The secretary of revenue shall submit an annual report to the  
32 governor and the legislature by April 1 of each year detailing by county the  
33 state fiscal note on the income tax credits claimed and used, including the  
34 amount of carry-forward credits, and sales tax exemptions allowed  
35 pursuant to this act.

36 (d) *In addition to the report pursuant to subsection (b), the secretary*  
37 *shall submit annually, on or before February 1 of each year, a report to*  
38 *the house committee on appropriations and senate committee on ways and*  
39 *means on the effectiveness of the enterprise zone act and the rural*  
40 *opportunity zone program, K.S.A. 2016 Supp. 74-50,222 et seq., and*  
41 *amendments thereto.*

42 Sec. 4. K.S.A. 2016 Supp. 74-50,223 is hereby amended to read as  
43 follows: 74-50,223. (a) Any county that has been designated a rural

1 opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto,  
2 may participate in the program provided in this section by authorizing such  
3 participation by the county commission of such county through a duly  
4 enacted written resolution. Such county shall provide a certified copy of  
5 such resolution to the secretary of commerce on or before January 1, 2012,  
6 for calendar year 2012, or on or before January 1 for each calendar year  
7 thereafter, in which a county chooses to participate. Such resolution shall  
8 obligate the county to participate in the program provided by this section  
9 for a period of five years, and shall be irrevocable, *except, if a county*  
10 *elects to participate in the enterprise zone act in accordance with the*  
11 *provisions of K.S.A. 74-50,116, and amendments thereto, in lieu of the*  
12 *program provided in this section.* Such resolution shall specify the  
13 maximum amount of outstanding student loan balance for each resident  
14 individual to be repaid as provided in subsection (b), except the maximum  
15 amount of such balance shall be \$15,000.

16 (b) If a county submits a resolution as provided in subsection (a),  
17 under the program provided in this section, subject to subsection (d), the  
18 state of Kansas and such county which chooses to participate as provided  
19 in subsection (a), shall agree to pay in equal shares the outstanding student  
20 loan balance of any resident individual who qualifies to have such  
21 individual's student loans repaid under the provisions of subsection (c)  
22 over a five-year period, except that the maximum amount of such balance  
23 shall be \$15,000. The amount of such repayment shall be equal to 20% of  
24 the outstanding student loan balance of the individual in a year over the  
25 five-year repayment period. The state of Kansas is not obligated to pay the  
26 student loan balance of any resident individual who qualifies pursuant to  
27 subsection (c) prior to the county submitting a resolution to the secretary  
28 pursuant to subsection (a). Each such county shall certify to the secretary  
29 that such county has made the payment required by this subsection.

30 (c) A resident individual shall be entitled to have such individual's  
31 outstanding student loan balance paid for attendance at an institution of  
32 higher education where such resident individual earned an associate,  
33 bachelor or post-graduate degree under the provisions of this section when  
34 such resident individual establishes domicile in a county designated as a  
35 rural opportunity zone which participates in the program as provided in  
36 subsection (a), on and after the date in which such county commenced  
37 such participation, and prior to July 1, 2021. Such resident individual may  
38 enroll in this program in a form and manner prescribed by the secretary.  
39 Subject to subsection (d), once enrolled such resident individual shall be  
40 entitled to full participation in the program for five years, except that if the  
41 resident individual relocates outside the rural opportunity zone for which  
42 the resident individual first qualified, such resident individual forfeits such  
43 individual's eligibility to participate, and obligations under this section of

1 the state and the county terminate. No resident individual shall enroll and  
2 be eligible to participate in this program after June 30, 2021.

3 (d) The provisions of this act shall be subject to appropriation acts.  
4 Nothing in this act guarantees a resident individual a right to the benefits  
5 provided in this section. The county may continue to participate even if the  
6 state does not participate. *The state and a county which elects to*  
7 *participate in the enterprise zone act in accordance with the provisions of*  
8 *K.S.A. 74-50,116, and amendments thereto, in lieu of the program*  
9 *provided in this section, shall continue to pay the outstanding student loan*  
10 *balance of any resident individuals of that county who qualified to have*  
11 *such individual's student loans repaid prior to the date of the secretary's*  
12 *approval of the county's application to the secretary pursuant to K.S.A.*  
13 *74-50,116, and amendments thereto.*

14 (e) The secretary shall adopt rules and regulations necessary to  
15 administer the provisions of this section.

16 (f) On January 1, 2012, and annually thereafter until January 1, 2022,  
17 the secretary of commerce shall report to the senate committee on  
18 assessment and taxation and the house of representatives committee on  
19 taxation as to how many residents applied for the rural opportunity zone  
20 tax credit.

21 Sec. 5. K.S.A. 2016 Supp. 79-32,160a is hereby amended to read as  
22 follows: 79-32,160a. (a) For taxable years commencing after December  
23 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a  
24 qualified business facility, as defined in ~~subsection (b)~~ of K.S.A. 79-  
25 32,154(b), and amendments thereto, and effective for tax years  
26 commencing after December 31, 2010, and before January 1, 2012,  
27 located in an area other than a metropolitan county as defined in either  
28 K.S.A. 2016 Supp. 74-50,114 or 74-50,211, and amendments thereto, *and*  
29 *for taxable years commencing after December 31, 2017, any taxpayer who*  
30 *shall invest in a qualified business facility, as defined in K.S.A. 79-*  
31 *32,154(b), and amendments thereto, located in a county that has been*  
32 *designated a rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-*  
33 *50,222, and amendments thereto, and that has been approved by the*  
34 *secretary as a nonmetropolitan region pursuant to K.S.A. 74-50,116, and*  
35 *amendments thereto, and the taxpayer also meets the definition of a*  
36 *business in ~~subsection (b)~~ of K.S.A. 74-50,114(b), and amendments*  
37 *thereto, shall be allowed a credit for such investment, in an amount*  
38 *determined under subsection (b) or (c), as the case requires, against the tax*  
39 *imposed by the Kansas income tax act or where the qualified business*  
40 *facility is the principal place from which the trade or business of the*  
41 *taxpayer is directed or managed and the facility has facilitated the creation*  
42 *of at least 20 new full-time positions, against the premium tax or privilege*  
43 *fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or as*

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

28 (b) The credit allowed by subsection (a) for any taxpayer who invests  
29 in a qualified business facility which is located in a designated  
30 nonmetropolitan region established under K.S.A. 74-50,116, and  
31 amendments thereto, ~~on or after the effective date of this act, and effective~~  
32 *for taxable years commencing after December 31, 2017, located in a*  
33 *county that has been designated a rural opportunity zone pursuant to*  
34 *K.S.A. 2016 Supp. 74-50,222, and amendments thereto, and that has been*  
35 *approved by the secretary as a nonmetropolitan region pursuant to K.S.A.*  
36 *74-50,116, and amendments thereto, shall be a portion of the income tax*  
37 *imposed by the Kansas income tax act on the taxpayer's Kansas taxable*  
38 *income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-*  
39 *252, and amendments thereto, or the privilege tax as measured by the net*  
40 *income of financial institutions imposed pursuant to article 11 of chapter*  
41 *79 of the Kansas Statutes Annotated, and amendments thereto, for the*  
42 *taxable year for which such credit is allowed, but in the case where the*  
43 *qualified business facility investment was made prior to January 1, 1996,*

1 not in excess of 50% of such tax. Such portion shall be an amount equal to  
2 the sum of the following:

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

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

10 (c) The credit allowed by subsection (a) for any taxpayer who invests  
11 in a qualified business facility, which is not located in a nonmetropolitan  
12 region established under K.S.A. 74-50,116, and amendments thereto, and  
13 effective for tax years commencing after December 31, 2010, and before  
14 January 1, 2012, located in an area other than a metropolitan county as  
15 defined in either K.S.A. 2016 Supp. 74-50,114 or 74-50,211, and  
16 amendments thereto, and which also meets the definition of business in  
17 ~~subsection (b) of K.S.A. 74-50,114(b)~~, and amendments thereto, on or  
18 after the effective date of this act, shall be a portion of the income tax  
19 imposed by the Kansas income tax act on the taxpayer's Kansas taxable  
20 income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-  
21 252, and amendments thereto, or the privilege tax as measured by the net  
22 income of financial institutions imposed pursuant to article 11 of chapter  
23 79 of the Kansas Statutes Annotated, and amendments thereto, for the  
24 taxable year for which such credit is allowed, but in the case where the  
25 qualified business facility investment was made prior to January 1, 1996,  
26 not in excess of 50% of such tax. Such portion shall be an amount equal to  
27 the sum of the following:

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

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

35 (d) The credit allowed by subsection (a) for each qualified business  
36 facility employee and for qualified business facility investment shall be a  
37 one-time credit. If the amount of the credit allowed under subsection (a)  
38 exceeds the tax imposed by the Kansas income tax act on the taxpayer's  
39 Kansas taxable income, the premium tax and privilege fees imposed  
40 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
41 measured by the net income of financial institutions imposed pursuant to  
42 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
43 thereto, for the taxable year, or in the case where the qualified business



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

14 (e) Notwithstanding the foregoing provisions of this section, and  
15 except as otherwise provided in this subsection, any taxpayer qualified and  
16 certified under the provisions of K.S.A. 74-50,131, and amendments  
17 thereto; which, prior to making a commitment to invest in a qualified  
18 Kansas business, has filed a certificate of intent to invest in a qualified  
19 business facility in a form satisfactory to the secretary of commerce; and  
20 that has received written approval from the secretary of commerce for  
21 participation and has participated, during the tax year for which the  
22 exemption is claimed, in the Kansas industrial training, Kansas industrial  
23 retraining or the state of Kansas investments in lifelong learning program  
24 or is eligible for the tax credit established in K.S.A. 74-50,132, and  
25 amendments thereto, shall be entitled to a credit in an amount equal to  
26 10% of that portion of the qualified business facility investment which  
27 exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2)  
28 without regard to the number of qualified business facility employees  
29 engaged or maintained in employment at the qualified business facility.  
30 For tax years beginning on or after January 1, 2012, for a qualified  
31 business facility investment in Douglas, Johnson, Sedgwick, Shawnee or  
32 Wyandotte counties, such credit shall be in an amount equal to 10% of that  
33 portion of the qualified business facility investment which exceeds  
34 \$1,000,000. Any taxpayer who has filed a certificate of intent to invest in a  
35 qualified business facility pursuant to this subsection in Douglas, Johnson,  
36 Sedgwick, Shawnee or Wyandotte county prior to December 31, 2011, and  
37 commences investments in a qualified business facility prior to December  
38 31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and  
39 ~~subsection (e) of 79-32,160a(e)~~, and amendments thereto, in an amount  
40 equal to 10% of that portion of the qualified business facility investment  
41 which exceeds \$50,000. Timing modifications may be authorized at the  
42 discretion of the secretary of commerce and the secretary of revenue  
43 during the transition period. The credit allowed by this subsection shall be

1 a one-time credit. If the amount thereof exceeds the tax imposed by the  
2 Kansas income tax act on the taxpayer's Kansas taxable income or the  
3 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
4 amendments thereto, or the privilege tax as measured by net income of  
5 financial institutions imposed pursuant to article 11 of chapter 79 of the  
6 Kansas Statutes Annotated, and amendments thereto, for the taxable year,  
7 the amount thereof which exceeds such tax liability may be carried  
8 forward for credit in the succeeding taxable year or years until the total  
9 amount of the tax credit is used, except that no such tax credit shall be  
10 carried forward for deduction after the 16<sup>th</sup> taxable year succeeding the  
11 taxable year in which such credit initially was claimed, and no  
12 carryforward shall be allowed for deduction in any succeeding taxable  
13 year unless the taxpayer certifies under oath that the taxpayer continues to  
14 meet the requirements of K.S.A. 74-50,131, and amendments thereto, and  
15 this act. In no event shall any credit allowed under this section that expired  
16 during any taxable year prior to the taxable year commencing January 1,  
17 2011, be revived under the provisions of this act.

18 (f) For tax years commencing after December 31, 2005, any taxpayer  
19 claiming credits pursuant to this section, as a condition for claiming and  
20 qualifying for such credits, shall provide information pursuant to K.S.A.  
21 2016 Supp. 79-32,243, and amendments thereto, as part of the tax return in  
22 which such credits are claimed. Such credits shall not be denied solely on  
23 the basis of the contents of the information provided by the taxpayer  
24 pursuant to K.S.A. 2016 Supp. 79-32,243, and amendments thereto.

25 (g) This section and K.S.A. 79-32,160b, and amendments thereto,  
26 shall be part of and supplemental to the job expansion and investment  
27 credit act of 1976, and amendments thereto.

28 Sec. 6. K.S.A. 2016 Supp. 79-32,160g is hereby amended to read as  
29 follows: 79-32,160g. Except as otherwise provided, for taxable years  
30 commencing after December 31, 2011, no credits may be earned through  
31 the Kansas enterprise zone act, K.S.A. 79-32,160a, *and amendments*  
32 *thereto*; or the job expansion and investment tax credit act, K.S.A. 79-  
33 32,153, *and amendments thereto*. Any carry forward credit that has been  
34 earned through the Kansas enterprise zone act, K.S.A. 79-32,160a, *and*  
35 *amendments thereto*, and is remaining after December 31, 2011, may be  
36 carried forward to succeeding taxable years as long as all requirements  
37 continue to be met. Any credit that has been earned through the job  
38 expansion and investment tax credit act, K.S.A. 79-32,153, *and*  
39 *amendments thereto*, with years left in recomputing the credit after  
40 December 31, 2011, may continue for the remainder of the nine-year  
41 period as long as all requirements continue to be met.

42 *Commencing January 1, 2018, credits may be earned through the*  
43 *Kansas enterprise zone act, K.S.A. 79-32,160a, and amendments thereto.*

1       Sec. 7. K.S.A. 2016 Supp. 79-3606 is hereby amended to read as  
2 follows: 79-3606. The following shall be exempt from the tax imposed by  
3 this act:

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

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

31       (c) all sales of tangible personal property or services, including the  
32 renting and leasing of tangible personal property, purchased directly by a  
33 public or private elementary or secondary school or public or private  
34 nonprofit educational institution and used primarily by such school or  
35 institution for nonsectarian programs and activities provided or sponsored  
36 by such school or institution or in the erection, repair or enlargement of  
37 buildings to be used for such purposes. The exemption herein provided  
38 shall not apply to erection, construction, repair, enlargement or equipment  
39 of buildings used primarily for human habitation;

40       (d) all sales of tangible personal property or services purchased by a  
41 contractor for the purpose of constructing, equipping, reconstructing,  
42 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
43 any public or private nonprofit hospital or public hospital authority, public

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

1 furnishing project exemption certificates to contractors pursuant to rules  
2 and regulations adopted by the secretary establishing conditions and  
3 standards for the granting and maintaining of such status. 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. If any materials purchased  
6 under such a certificate are found not to have been incorporated in the  
7 building or other project or not to have been returned for credit or the sales  
8 or compensating tax otherwise imposed upon such materials which will  
9 not be so incorporated in the building or other project reported and paid by  
10 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
11 month following the close of the month in which it shall be determined  
12 that such materials will not be used for the purpose for which such  
13 certificate was issued, the political subdivision, district described in  
14 subsection (s), hospital or public hospital authority, school, educational  
15 institution or the contractor contracting with the department of corrections  
16 for a correctional institution concerned shall be liable for tax on all  
17 materials purchased for the project, and upon payment thereof it may  
18 recover the same from the contractor together with reasonable attorney  
19 fees. Any contractor or any agent, employee or subcontractor thereof, who  
20 shall use or otherwise dispose of any materials purchased under such a  
21 certificate for any purpose other than that for which such a certificate is  
22 issued without the payment of the sales or compensating tax otherwise  
23 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
24 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
25 79-3615(h), and amendments thereto;

26 (e) all sales of tangible personal property or services purchased by a  
27 contractor for the erection, repair or enlargement of buildings or other  
28 projects for the government of the United States, its agencies or  
29 instrumentalities, which would be exempt from taxation if purchased  
30 directly by the government of the United States, its agencies or  
31 instrumentalities. When the government of the United States, its agencies  
32 or instrumentalities shall contract for the erection, repair, or enlargement  
33 of any building or other project, it shall obtain from the state and furnish to  
34 the contractor an exemption certificate for the project involved, and the  
35 contractor may purchase materials for incorporation in such project. The  
36 contractor shall furnish the number of such certificates to all suppliers  
37 from whom such purchases are made, and such suppliers shall execute  
38 invoices covering the same bearing the number of such certificate. Upon  
39 completion of the project the contractor shall furnish to the government of  
40 the United States, its agencies or instrumentalities concerned a sworn  
41 statement, on a form to be provided by the director of taxation, that all  
42 purchases so made were entitled to exemption under this subsection. As an  
43 alternative to the foregoing procedure, any such contracting entity may

1 apply to the secretary of revenue for agent status for the sole purpose of  
2 issuing and furnishing project exemption certificates to contractors  
3 pursuant to rules and regulations adopted by the secretary establishing  
4 conditions and standards for the granting and maintaining of such status.  
5 All invoices shall be held by the contractor for a period of five years and  
6 shall be subject to audit by the director of taxation. Any contractor or any  
7 agent, employee or subcontractor thereof, who shall use or otherwise  
8 dispose of any materials purchased under such a certificate for any purpose  
9 other than that for which such a certificate is issued without the payment  
10 of the sales or compensating tax otherwise imposed upon such materials,  
11 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
12 subject to the penalties provided for in K.S.A. 79-3615(h), and  
13 amendments thereto;

14 (f) tangible personal property purchased by a railroad or public utility  
15 for consumption or movement directly and immediately in interstate  
16 commerce;

17 (g) sales of aircraft including remanufactured and modified aircraft  
18 sold to persons using directly or through an authorized agent such aircraft  
19 as certified or licensed carriers of persons or property in interstate or  
20 foreign commerce under authority of the laws of the United States or any  
21 foreign government or sold to any foreign government or agency or  
22 instrumentality of such foreign government and all sales of aircraft for use  
23 outside of the United States and sales of aircraft repair, modification and  
24 replacement parts and sales of services employed in the remanufacture,  
25 modification and repair of aircraft;

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

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

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

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

41 (l) all isolated or occasional sales of tangible personal property,  
42 services, substances or things, except isolated or occasional sale of motor  
43 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and

1 amendments thereto;

2 (m) all sales of tangible personal property which become an  
3 ingredient or component part of tangible personal property or services  
4 produced, manufactured or compounded for ultimate sale at retail within  
5 or without the state of Kansas; and any such producer, manufacturer or  
6 compounder may obtain from the director of taxation and furnish to the  
7 supplier an exemption certificate number for tangible personal property for  
8 use as an ingredient or component part of the property or services  
9 produced, manufactured or compounded;

10 (n) all sales of tangible personal property which is consumed in the  
11 production, manufacture, processing, mining, drilling, refining or  
12 compounding of tangible personal property, the treating of by-products or  
13 wastes derived from any such production process, the providing of  
14 services or the irrigation of crops for ultimate sale at retail within or  
15 without the state of Kansas; and any purchaser of such property may  
16 obtain from the director of taxation and furnish to the supplier an  
17 exemption certificate number for tangible personal property for  
18 consumption in such production, manufacture, processing, mining,  
19 drilling, refining, compounding, treating, irrigation and in providing such  
20 services;

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

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

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

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

21 (s) except as provided in K.S.A. 2016 Supp. 82a-2101, and  
22 amendments thereto, all sales of tangible personal property or services  
23 purchased directly or indirectly by a groundwater management district  
24 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
25 amendments thereto, by a rural water district organized or operating under  
26 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
27 supply district organized or operating under the authority of K.S.A. 19-  
28 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which  
29 property or services are used in the construction activities, operation or  
30 maintenance of the district;

31 (t) all sales of farm machinery and equipment or aquaculture  
32 machinery and equipment, repair and replacement parts therefor and  
33 services performed in the repair and maintenance of such machinery and  
34 equipment. For the purposes of this subsection the term "farm machinery  
35 and equipment or aquaculture machinery and equipment" shall include a  
36 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
37 thereto, and is equipped with a bed or cargo box for hauling materials, and  
38 shall also include machinery and equipment used in the operation of  
39 Christmas tree farming but shall not include any passenger vehicle, truck,  
40 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as  
41 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm  
42 machinery and equipment" includes precision farming equipment that is  
43 portable or is installed or purchased to be installed on farm machinery and



1 equipment. "Precision farming equipment" includes the following items  
2 used only in computer-assisted farming, ranching or aquaculture  
3 production operations: Soil testing sensors, yield monitors, computers,  
4 monitors, software, global positioning and mapping systems, guiding  
5 systems, modems, data communications equipment and any necessary  
6 mounting hardware, wiring and antennas. Each purchaser of farm  
7 machinery and equipment or aquaculture machinery and equipment  
8 exempted herein must certify in writing on the copy of the invoice or sales  
9 ticket to be retained by the seller that the farm machinery and equipment  
10 or aquaculture machinery and equipment purchased will be used only in  
11 farming, ranching or aquaculture production. Farming or ranching shall  
12 include the operation of a feedlot and farm and ranch work for hire and the  
13 operation of a nursery;

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

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

30 (w) all sales of natural gas, electricity, heat and water delivered  
31 through mains, lines or pipes: (1) To residential premises for  
32 noncommercial use by the occupant of such premises; (2) for agricultural  
33 use and also, for such use, all sales of propane gas; (3) for use in the  
34 severing of oil; and (4) to any property which is exempt from property  
35 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this  
36 paragraph, "severing" shall have the meaning ascribed thereto by K.S.A.  
37 79-4216(k), and amendments thereto. For all sales of natural gas,  
38 electricity and heat delivered through mains, lines or pipes pursuant to the  
39 provisions of subsection (w)(1) and (w)(2), the provisions of this  
40 subsection shall expire on December 31, 2005;

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

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

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

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

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

19 (cc) all sales of tangible personal property or services purchased prior  
20 to January 1, 2012, except as otherwise provided, *and purchased on or*  
21 *after January 1, 2018*, for the purpose of and in conjunction with  
22 constructing, reconstructing, enlarging or remodeling a business or retail  
23 business which meets the requirements established in K.S.A. 74-50,115,  
24 and amendments thereto, and the sale and installation of machinery and  
25 equipment purchased for installation at any such business or retail  
26 business, and all sales of tangible personal property or services purchased  
27 on or after January 1, 2012, for the purpose of and in conjunction with  
28 constructing, reconstructing, enlarging or remodeling a business which  
29 meets the requirements established in K.S.A. 74-50,115(e), and  
30 amendments thereto, and the sale and installation of machinery and  
31 equipment purchased for installation at any such business. When a person  
32 shall contract for the construction, reconstruction, enlargement or  
33 remodeling of any such business or retail business, such person shall  
34 obtain from the state and furnish to the contractor an exemption certificate  
35 for the project involved, and the contractor may purchase materials,  
36 machinery and equipment for incorporation in such project. The contractor  
37 shall furnish the number of such certificates 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  
40 completion of the project the contractor shall furnish to the owner of the  
41 business or retail business a sworn statement, on a form to be provided by  
42 the director of taxation, that all purchases so made were entitled to  
43 exemption under this subsection. All invoices shall be held by the

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

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

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

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

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

34 (hh) all sales of medical supplies and equipment, including durable  
35 medical equipment, purchased directly by a nonprofit skilled nursing home  
36 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,  
37 and amendments thereto, for the purpose of providing medical services to  
38 residents thereof. This exemption shall not apply to tangible personal  
39 property customarily used for human habitation purposes. As used in this  
40 subsection, "durable medical equipment" means equipment including  
41 repair and replacement parts for such equipment, which can withstand  
42 repeated use, is primarily and customarily used to serve a medical purpose,  
43 generally is not useful to a person in the absence of illness or injury and is

1 not worn in or on the body, but does not include mobility enhancing  
2 equipment as defined in subsection (r), oxygen delivery equipment, kidney  
3 dialysis equipment or enteral feeding systems;

4 (ii) all sales of tangible personal property purchased directly by a  
5 nonprofit organization for nonsectarian comprehensive multidiscipline  
6 youth development programs and activities provided or sponsored by such  
7 organization, and all sales of tangible personal property by or on behalf of  
8 any such organization. This exemption shall not apply to tangible personal  
9 property customarily used for human habitation purposes;

10 (jj) all sales of tangible personal property or services, including the  
11 renting and leasing of tangible personal property, purchased directly on  
12 behalf of a community-based facility for people with intellectual disability  
13 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
14 amendments thereto, and licensed in accordance with the provisions of  
15 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible  
16 personal property or services purchased by contractors during the time  
17 period from July, 2003, through June, 2006, for the purpose of  
18 constructing, equipping, maintaining or furnishing a new facility for a  
19 community-based facility for people with intellectual disability or mental  
20 health center located in Riverton, Cherokee County, Kansas, which would  
21 have been eligible for sales tax exemption pursuant to this subsection if  
22 purchased directly by such facility or center. This exemption shall not  
23 apply to tangible personal property customarily used for human habitation  
24 purposes;

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

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

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

32 (2) For purposes of this subsection:

33 (A) "Integrated production operation" means an integrated series of  
34 operations engaged in at a manufacturing or processing plant or facility to  
35 process, transform or convert tangible personal property by physical,  
36 chemical or other means into a different form, composition or character  
37 from that in which it originally existed. Integrated production operations  
38 shall include: (i) Production line operations, including packaging  
39 operations; (ii) preproduction operations to handle, store and treat raw  
40 materials; (iii) post production handling, storage, warehousing and  
41 distribution operations; and (iv) waste, pollution and environmental  
42 control operations, if any;

43 (B) "production line" means the assemblage of machinery and

1 equipment at a manufacturing or processing plant or facility where the  
2 actual transformation or processing of tangible personal property occurs;

3 (C) "manufacturing or processing plant or facility" means a single,  
4 fixed location owned or controlled by a manufacturing or processing  
5 business that consists of one or more structures or buildings in a  
6 contiguous area where integrated production operations are conducted to  
7 manufacture or process tangible personal property to be ultimately sold at  
8 retail. Such term shall not include any facility primarily operated for the  
9 purpose of conveying or assisting in the conveyance of natural gas,  
10 electricity, oil or water. A business may operate one or more manufacturing  
11 or processing plants or facilities at different locations to manufacture or  
12 process a single product of tangible personal property to be ultimately sold  
13 at retail;

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

1 poultry in the regular course of their retail trade, contractors who alter,  
2 service, repair or improve real property, and retail businesses that clean,  
3 service or refurbish and repair tangible personal property for its owner;

4 (E) "repair and replacement parts and accessories" means all parts  
5 and accessories for exempt machinery and equipment, including, but not  
6 limited to, dies, jigs, molds, patterns and safety devices that are attached to  
7 exempt machinery or that are otherwise used in production, and parts and  
8 accessories that require periodic replacement such as belts, drill bits,  
9 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
10 other refractory items for exempt kiln equipment used in production  
11 operations;

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

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

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

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

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

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

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

29 (F) to plan, manage, control or record the receipt and flow of  
30 inventories of raw materials, consumables and component parts, the flow  
31 of the property undergoing manufacturing or processing and the  
32 management of inventories of the finished product;

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

36 (H) to package the property being manufactured or processed in a  
37 container or wrapping in which such property is normally sold or  
38 transported;

39 (I) to transmit or transport electricity, coke, gas, water, steam or  
40 similar substances used in production operations from the point of  
41 generation, if produced by the manufacturer or processor at the plant site,  
42 to that manufacturer's production operation; or, if purchased or delivered  
43 from off-site, from the point where the substance enters the site of the

1 plant or facility to that manufacturer's production operations;

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

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

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

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

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

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

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

1 (B) machinery, equipment and tools used primarily in maintaining  
2 and repairing any type of machinery and equipment or the building and  
3 plant;

4 (C) transportation, transmission and distribution equipment not  
5 primarily used in a production, warehousing or material handling  
6 operation at the plant or facility, including the means of conveyance of  
7 natural gas, electricity, oil or water, and equipment related thereto, located  
8 outside the plant or facility;

9 (D) office machines and equipment including computers and related  
10 peripheral equipment not used directly and primarily to control or measure  
11 the manufacturing process;

12 (E) furniture and other furnishings;

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

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

19 (H) machinery and equipment used for general plant heating, cooling  
20 and lighting;

21 (I) motor vehicles that are registered for operation on public  
22 highways; or

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

26 (6) Subsections (3) and (5) shall not be construed as exclusive listings  
27 of the machinery and equipment that qualify or do not qualify as an  
28 integral or essential part of an integrated production operation. When  
29 machinery or equipment is used as an integral or essential part of  
30 production operations part of the time and for nonproduction purposes at  
31 other times, the primary use of the machinery or equipment shall  
32 determine whether or not such machinery or equipment qualifies for  
33 exemption.

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

36 (ll) all sales of educational materials purchased for distribution to the  
37 public at no charge by a nonprofit corporation organized for the purpose of  
38 encouraging, fostering and conducting programs for the improvement of  
39 public health, except that for taxable years commencing after December  
40 31, 2013, this subsection shall not apply to any sales of such materials  
41 purchased by a nonprofit corporation which performs any abortion, as  
42 defined in K.S.A. 65-6701, and amendments thereto;

43 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,



1 herbicides, germicides, pesticides and fungicides; and services, purchased  
2 and used for the purpose of producing plants in order to prevent soil  
3 erosion on land devoted to agricultural use;

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

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

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

12 (qq) all sales of tangible personal property and services purchased by  
13 a nonprofit museum or historical society or any combination thereof,  
14 including a nonprofit organization which is organized for the purpose of  
15 stimulating public interest in the exploration of space by providing  
16 educational information, exhibits and experiences, which is exempt from  
17 federal income taxation pursuant to section 501(c)(3) of the federal  
18 internal revenue code of 1986;

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

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

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

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

38 (vv) all sales of tangible personal property purchased by any of the  
39 following organizations which are exempt from federal income taxation  
40 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
41 for the following purposes, and all sales of any such property by or on  
42 behalf of any such organization for any such purpose:

43 (1) The American heart association, Kansas affiliate, inc. for the

1 purposes of providing education, training, certification in emergency  
2 cardiac care, research and other related services to reduce disability and  
3 death from cardiovascular diseases and stroke;

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

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

10 (4) the American diabetes association Kansas affiliate, inc. for the  
11 purpose of eliminating diabetes through medical research, public education  
12 focusing on disease prevention and education, patient education including  
13 information on coping with diabetes, and professional education and  
14 training;

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

20 (6) the Kansas chapters of the Alzheimer's disease and related  
21 disorders association, inc. for the purpose of providing assistance and  
22 support to persons in Kansas with Alzheimer's disease, and their families  
23 and caregivers;

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

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

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

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

36 (11) the spina bifida association of Kansas for the purpose of  
37 providing financial, educational and practical aid to families and  
38 individuals with spina bifida. Such aid includes, but is not limited to,  
39 funding for medical devices, counseling and medical educational  
40 opportunities;

41 (12) the CHWC, Inc., for the purpose of rebuilding urban core  
42 neighborhoods through the construction of new homes, acquiring and  
43 renovating existing homes and other related activities, and promoting

1 economic development in such neighborhoods;

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

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

8 (15) the KSDS, Inc., for the purpose of promoting the independence  
9 and inclusion of people with disabilities as fully participating and  
10 contributing members of their communities and society through the  
11 training and providing of guide and service dogs to people with  
12 disabilities, and providing disability education and awareness to the  
13 general public;

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

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

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

23 (19) the international association of lions clubs for the purpose of  
24 creating and fostering a spirit of understanding among all people for  
25 humanitarian needs by providing voluntary services through community  
26 involvement and international cooperation;

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

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

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

37 (23) the angel babies association, for the purpose of providing  
38 assistance, support and items of necessity to teenage mothers and their  
39 babies; and

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

42 (ww) all sales of tangible personal property purchased by the habitat  
43 for humanity for the exclusive use of being incorporated within a housing

1 project constructed by such organization;

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

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

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

7 (zz) all sales of machinery and equipment purchased by over-the-air,  
8 free access radio or television station which is used directly and primarily  
9 for the purpose of producing a broadcast signal or is such that the failure  
10 of the machinery or equipment to operate would cause broadcasting to  
11 cease. For purposes of this subsection, machinery and equipment shall  
12 include, but not be limited to, that required by rules and regulations of the  
13 federal communications commission, and all sales of electricity which are  
14 essential or necessary for the purpose of producing a broadcast signal or is  
15 such that the failure of the electricity would cause broadcasting to cease;

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

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

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

32 (ccc) on and after July 1, 1999, all sales of tangible personal property  
33 and services purchased by a primary care clinic or health center the  
34 primary purpose of which is to provide services to medically underserved  
35 individuals and families, and which is exempt from federal income  
36 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
37 and all sales of tangible personal property or services purchased by a  
38 contractor for the purpose of constructing, equipping, reconstructing,  
39 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
40 any such clinic or center which would be exempt from taxation under the  
41 provisions of this section if purchased directly by such clinic or center,  
42 except that for taxable years commencing after December 31, 2013, this  
43 subsection shall not apply to any sales of such tangible personal property

1 and services purchased by a primary care clinic or health center which  
2 performs any abortion, as defined in K.S.A. 65-6701, and amendments  
3 thereto. Nothing in this subsection shall be deemed to exempt the purchase  
4 of any construction machinery, equipment or tools used in the  
5 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
6 furnishing or remodeling facilities for any such clinic or center. When any  
7 such clinic or center shall contract for the purpose of constructing,  
8 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
9 remodeling facilities, it shall obtain from the state and furnish to the  
10 contractor an exemption certificate for the project involved, and the  
11 contractor may purchase materials for incorporation in such project. The  
12 contractor shall furnish the number of such certificate to all suppliers from  
13 whom such purchases are made, and such suppliers shall execute invoices  
14 covering the same bearing the number of such certificate. Upon  
15 completion of the project the contractor shall furnish to such clinic or  
16 center concerned a sworn statement, on a form to be provided by the  
17 director of taxation, that all purchases so made were entitled to exemption  
18 under this subsection. All invoices shall be held by the contractor for a  
19 period of five years and shall be subject to audit by the director of taxation.  
20 If any materials purchased under such a certificate are found not to have  
21 been 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 or  
24 other project reported and paid by such contractor to the director of  
25 taxation not later than the 20<sup>th</sup> day of the month following the close of the  
26 month in which it shall be determined that such materials will not be used  
27 for the purpose for which such certificate was issued, such clinic or center  
28 concerned shall be liable for tax on all materials purchased for the project,  
29 and upon payment thereof it may recover the same from the contractor  
30 together with reasonable attorney fees. Any contractor or any agent,  
31 employee or subcontractor thereof, who shall use or otherwise dispose of  
32 any materials purchased under such a certificate for any purpose other than  
33 that for which such a certificate is issued without the payment of the sales  
34 or compensating tax otherwise imposed upon such materials, shall be  
35 guilty of a misdemeanor and, upon conviction therefor, shall be subject to  
36 the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

37 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
38 sales of materials and services purchased by any class II or III railroad as  
39 classified by the federal surface transportation board for the construction,  
40 renovation, repair or replacement of class II or III railroad track and  
41 facilities used directly in interstate commerce. In the event any such track  
42 or facility for which materials and services were purchased sales tax  
43 exempt is not operational for five years succeeding the allowance of such

1 exemption, the total amount of sales tax which would have been payable  
2 except for the operation of this subsection shall be recouped in accordance  
3 with rules and regulations adopted for such purpose by the secretary of  
4 revenue;

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

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

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

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

33 (iii) all sales of personal property and services purchased by an  
34 organization which is exempt from federal income taxation pursuant to  
35 section 501(c)(3) of the federal internal revenue code of 1986, and which  
36 such personal property and services are used by any such organization in  
37 the collection, storage and distribution of food products to nonprofit  
38 organizations which distribute such food products to persons pursuant to a  
39 food distribution program on a charitable basis without fee or charge, and  
40 all sales of tangible personal property or services purchased by a  
41 contractor for the purpose of constructing, equipping, reconstructing,  
42 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
43 for the collection and storage of such food products for any such



1 organization which is exempt from federal income taxation pursuant to  
2 section 501(c)(3) of the federal internal revenue code of 1986, which  
3 would be exempt from taxation under the provisions of this section if  
4 purchased directly by such organization. Nothing in this subsection shall  
5 be deemed to exempt the purchase of any construction machinery,  
6 equipment or tools used in the constructing, equipping, reconstructing,  
7 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
8 any such organization. When any such organization shall contract for the  
9 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
10 enlarging, furnishing or remodeling facilities, it shall obtain from the state  
11 and furnish to the contractor an exemption certificate for the project  
12 involved, and the contractor may purchase materials for incorporation in  
13 such project. The contractor shall furnish the number of such certificate to  
14 all suppliers from whom such purchases are made, and such suppliers shall  
15 execute invoices covering the same bearing the number of such certificate.  
16 Upon completion of the project the contractor shall furnish to such  
17 organization concerned a sworn statement, on a form to be provided by the  
18 director of taxation, that all purchases so made were entitled to exemption  
19 under this subsection. All invoices shall be held by the contractor for a  
20 period of five years and shall be subject to audit by the director of taxation.  
21 If any materials purchased under such a certificate are found not to have  
22 been incorporated in such facilities or not to have been returned for credit  
23 or the sales or compensating tax otherwise imposed upon such materials  
24 which will not be so incorporated in such facilities reported and paid by  
25 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
26 month following the close of the month in which it shall be determined  
27 that such materials will not be used for the purpose for which such  
28 certificate was issued, such organization concerned shall be liable for tax  
29 on all materials purchased for the project, and upon payment thereof it  
30 may recover the same from the contractor together with reasonable  
31 attorney fees. Any contractor or any agent, employee or subcontractor  
32 thereof, who shall use or otherwise dispose of any materials purchased  
33 under such a certificate for any purpose other than that for which such a  
34 certificate is issued without the payment of the sales or compensating tax  
35 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
36 and, upon conviction therefor, shall be subject to the penalties provided for  
37 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
38 July 1, 2005, but prior to the effective date of this act upon the gross  
39 receipts received from any sale exempted by the amendatory provisions of  
40 this subsection shall be refunded. Each claim for a sales tax refund shall be  
41 verified and submitted to the director of taxation upon forms furnished by  
42 the director and shall be accompanied by any additional documentation  
43 required by the director. The director shall review each claim and shall

1 refund that amount of sales tax paid as determined under the provisions of  
2 this subsection. All refunds shall be paid from the sales tax refund fund  
3 upon warrants of the director of accounts and reports pursuant to vouchers  
4 approved by the director or the director's designee;

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

20 (lll) all sales of tangible personal property and services purchased by  
21 special olympics Kansas, inc. for the purpose of providing year-round  
22 sports training and athletic competition in a variety of olympic-type sports  
23 for individuals with intellectual disabilities by giving them continuing  
24 opportunities to develop physical fitness, demonstrate courage, experience  
25 joy and participate in a sharing of gifts, skills and friendship with their  
26 families, other special olympics athletes and the community, and activities  
27 provided or sponsored by such organization, and all sales of tangible  
28 personal property by or on behalf of any such 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 income  
31 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
32 for the purpose of providing psycho-social-biological and special  
33 education services to children, and all sales of any such property by or on  
34 behalf of such organization for such purpose;

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

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

1 (ppp) all sales of tangible personal property and services purchased  
2 by or on behalf of a homeless shelter which is exempt from federal income  
3 taxation pursuant to section 501(c)(3) of the federal income tax code of  
4 1986, and used by any such homeless shelter to provide emergency and  
5 transitional housing for individuals and families experiencing  
6 homelessness, and all sales of any such property by or on behalf of any  
7 such homeless shelter for any such purpose;

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

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

10 (rrr) all sales of tangible personal property and services purchased by  
11 any county law library maintained pursuant to law and sales of tangible  
12 personal property and services purchased by an organization which would  
13 have been exempt from taxation under the provisions of this subsection if  
14 purchased directly by the county law library for the purpose of providing  
15 legal resources to attorneys, judges, students and the general public, and  
16 all sales of any such property by or on behalf of any such county law  
17 library;

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

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

22 (ttt) all sales of tangible personal property or services purchased by a  
23 contractor for a project for the purpose of restoring, constructing,  
24 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
25 remodeling a home or facility owned by a nonprofit museum which has  
26 been granted an exemption pursuant to subsection (qq), which such home  
27 or facility is located in a city which has been designated as a qualified  
28 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
29 amendments thereto, and which such project is related to the purposes of  
30 K.S.A. 75-5071 et seq., and amendments thereto, and which would be  
31 exempt from taxation under the provisions of this section if purchased  
32 directly by such nonprofit museum. Nothing in this subsection shall be  
33 deemed to exempt the purchase of any construction machinery, equipment  
34 or tools used in the restoring, constructing, equipping, reconstructing,  
35 maintaining, repairing, enlarging, furnishing or remodeling a home or  
36 facility for any such nonprofit museum. When any such nonprofit museum  
37 shall contract for the purpose of restoring, constructing, equipping,  
38 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
39 a home or facility, it shall obtain from the state and furnish to the  
40 contractor an exemption certificate for the project involved, and the  
41 contractor may purchase materials for incorporation in such project. The  
42 contractor shall furnish the number of such certificates to all suppliers  
43 from whom such purchases are made, and such suppliers shall execute

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

24 (uuu) all sales of tangible personal property and services purchased  
25 by Kansas children's service league, hereinafter referred to as KCSL,  
26 which is exempt from federal income taxation pursuant to section 501(c)  
27 (3) of the federal internal revenue code of 1986, and which such property  
28 and services are used for the purpose of providing for the prevention and  
29 treatment of child abuse and maltreatment as well as meeting additional  
30 critical needs for children, juveniles and family, and all sales of any such  
31 property by or on behalf of KCSL for any such purpose; and all sales of  
32 tangible personal property or services purchased by a contractor for the  
33 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
34 remodeling facilities for the operation of services for KCSL for any such  
35 purpose which would be exempt from taxation under the provisions of this  
36 section if purchased directly by KCSL. Nothing in this subsection shall be  
37 deemed to exempt the purchase of any construction machinery, equipment  
38 or tools used in the constructing, maintaining, repairing, enlarging,  
39 furnishing or remodeling such facilities for KCSL. When KCSL contracts  
40 for the purpose of constructing, maintaining, repairing, enlarging,  
41 furnishing or remodeling such facilities, it shall obtain from the state and  
42 furnish to the contractor an exemption certificate for the project involved,  
43 and the contractor may purchase materials for incorporation in such

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

26 (vvv) all sales of tangible personal property or services, including the  
27 renting and leasing of tangible personal property or services, purchased by  
28 jazz in the woods, inc., a Kansas corporation which is exempt from federal  
29 income taxation pursuant to section 501(c)(3) of the federal internal  
30 revenue code, for the purpose of providing jazz in the woods, an event  
31 benefiting children-in-need and other nonprofit charities assisting such  
32 children, and all sales of any such property by or on behalf of such  
33 organization for such purpose;

34 (www) all sales of tangible personal property purchased by or on  
35 behalf of the Frontenac education foundation, which is exempt from  
36 federal income taxation pursuant to section 501(c)(3) of the federal  
37 internal revenue code, for the purpose of providing education support for  
38 students, and all sales of any such property by or on behalf of such  
39 organization for such purpose;

40 (xxx) all sales of personal property and services purchased by the  
41 booth theatre foundation, inc., an organization which is exempt from  
42 federal income taxation pursuant to section 501(c)(3) of the federal  
43 internal revenue code of 1986, and which such personal property and

1 services are used by any such organization in the constructing, equipping,  
2 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
3 of the booth theatre, and all sales of tangible personal property or services  
4 purchased by a contractor for the purpose of constructing, equipping,  
5 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
6 the booth theatre for such organization, which would be exempt from  
7 taxation under the provisions of this section if purchased directly by such  
8 organization. Nothing in this subsection shall be deemed to exempt the  
9 purchase of any construction machinery, equipment or tools used in the  
10 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
11 furnishing or remodeling facilities for any such organization. When any  
12 such organization shall contract for the purpose of constructing, equipping,  
13 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
14 facilities, it shall obtain from the state and furnish to the contractor an  
15 exemption certificate for the project involved, and the contractor may  
16 purchase materials for incorporation in such project. The contractor shall  
17 furnish the number of such certificate to all suppliers from whom such  
18 purchases are made, and such suppliers shall execute invoices covering the  
19 same bearing the number of such certificate. Upon completion of the  
20 project the contractor shall furnish to such organization concerned a sworn  
21 statement, on a form to be provided by the director of taxation, that all  
22 purchases so made were entitled to exemption under this subsection. All  
23 invoices shall be held by the contractor for a period of five years and shall  
24 be subject to audit by the director of taxation. If any materials purchased  
25 under such a certificate are found not to have been incorporated in such  
26 facilities or not to have been returned for credit or the sales or  
27 compensating tax otherwise imposed upon such materials which will not  
28 be so incorporated in such facilities reported and paid by such contractor  
29 to the director of taxation not later than the 20<sup>th</sup> day of the month following  
30 the close of the month in which it shall be determined that such materials  
31 will not be used for the purpose for which such certificate was issued, such  
32 organization concerned shall be liable for tax on all materials purchased  
33 for the project, and upon payment thereof it may recover the same from  
34 the contractor together with reasonable attorney fees. Any contractor or  
35 any agent, employee or subcontractor thereof, who shall use or otherwise  
36 dispose of any materials purchased under such a certificate for any purpose  
37 other than that for which such a certificate is issued without the payment  
38 of the sales or compensating tax otherwise imposed upon such materials,  
39 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
40 subject to the penalties provided for in K.S.A. 79-3615(h), and  
41 amendments thereto. Sales tax paid on and after January 1, 2007, but prior  
42 to the effective date of this act upon the gross receipts received from any  
43 sale which would have been exempted by the provisions of this subsection



1 had such sale occurred after the effective date of this act shall be refunded.  
2 Each claim for a sales tax refund shall be verified and submitted to the  
3 director of taxation upon forms furnished by the director and shall be  
4 accompanied by any additional documentation required by the director.  
5 The director shall review each claim and shall refund that amount of sales  
6 tax paid as determined under the provisions of this subsection. All refunds  
7 shall be paid from the sales tax refund fund upon warrants of the director  
8 of accounts and reports pursuant to vouchers approved by the director or  
9 the director's designee;

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

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

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

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

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

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

37 (dddd) all sales of tangible personal property or services purchased  
38 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
39 of which are exempt from federal income taxation pursuant to section  
40 501(c)(3) of the federal internal revenue code, for the purpose of providing  
41 education, training and employment opportunities for people with  
42 disabilities and other barriers to employment;

43 (eeee) all sales of tangible personal property or services purchased by

1 on or behalf of all American beef battalion, inc., which is exempt from  
2 federal income taxation pursuant to section 501(c)(3) of the federal  
3 internal revenue code, for the purpose of educating, promoting and  
4 participating as a contact group through the beef cattle industry in order to  
5 carry out such projects that provide support and morale to members of the  
6 United States armed forces and military services;

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

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

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

12 (hhhh) all sales of tangible personal property or services purchased  
13 on or after July 1, 2014, for the purpose of and in conjunction with  
14 constructing, reconstructing, enlarging or remodeling a business identified  
15 under the North American industry classification system (NAICS)  
16 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
17 installation of machinery and equipment purchased for installation at any  
18 such business. The exemption provided in this subsection shall not apply  
19 to projects that have actual total costs less than \$50,000. When a person  
20 contracts for the construction, reconstruction, enlargement or remodeling  
21 of any such business, such person shall obtain from the state and furnish to  
22 the contractor an exemption certificate for the project involved, and the  
23 contractor may purchase materials, machinery and equipment for  
24 incorporation in such project. The contractor shall furnish the number of  
25 such certificates to all suppliers from whom such purchases are made, and  
26 such suppliers shall execute invoices covering the same bearing the  
27 number of such certificate. Upon completion of the project, the contractor  
28 shall furnish to the owner of the business a sworn statement, on a form to  
29 be provided by the director of taxation, that all purchases so made were  
30 entitled to exemption under this subsection. All invoices shall be held by  
31 the contractor for a period of five years and shall be subject to audit by the  
32 director of taxation. Any contractor or any agent, employee or  
33 subcontractor of the contractor, who shall use or otherwise dispose of any  
34 materials, machinery or equipment purchased under such a certificate for  
35 any purpose other than that for which such a certificate is issued without  
36 the payment of the sales or compensating tax otherwise imposed thereon,  
37 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
38 subject to the penalties provided for in K.S.A. 79-3615(h), and  
39 amendments thereto;

40 (iiii) all sales of tangible personal property or services purchased by a  
41 contractor for the purpose of constructing, maintaining, repairing,  
42 enlarging, furnishing or remodeling facilities for the operation of services  
43 for Wichita children's home for any such purpose which would be exempt

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

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

40 (kkkk) all sales of tangible personal property and services purchased  
41 by or on behalf of reaching out from within, inc., which is exempt from  
42 federal income taxation pursuant to section 501(c)(3) of the federal  
43 internal revenue code, for the purpose of sponsoring self-help programs for

1 incarcerated persons that will enable such incarcerated persons to become  
2 role models for non-violence while in correctional facilities and productive  
3 family members and citizens upon return to the community; and

4 (III) all sales of tangible personal property and services purchased by  
5 Gove county healthcare endowment foundation, inc., which is exempt  
6 from federal income taxation pursuant to section 501(c)(3) of the federal  
7 internal revenue code of 1986, and which such property and services are  
8 used for the purpose of constructing and equipping an airport in Quinter,  
9 Kansas, and all sales of tangible personal property or services purchased  
10 by a contractor for the purpose of constructing and equipping an airport in  
11 Quinter, Kansas, for such organization, which would be exempt from  
12 taxation under the provisions of this section if purchased directly by such  
13 organization. Nothing in this subsection shall be deemed to exempt the  
14 purchase of any construction machinery, equipment or tools used in the  
15 constructing or equipping of facilities for such organization. When such  
16 organization shall contract for the purpose of constructing or equipping an  
17 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
18 contractor an exemption certificate for the project involved, and the  
19 contractor may purchase materials for incorporation in such project. The  
20 contractor shall furnish the number of such certificate to all suppliers from  
21 whom such purchases are made, and such suppliers shall execute invoices  
22 covering the same bearing the number of such certificate. Upon  
23 completion of the project, the contractor shall furnish to such organization  
24 concerned a sworn statement, on a form to be provided by the director of  
25 taxation, that all purchases so made were entitled to exemption under this  
26 subsection. All invoices shall be held by the contractor for a period of five  
27 years and shall be subject to audit by the director of taxation. If any  
28 materials purchased under such a certificate are found not to have been  
29 incorporated in such facilities or not to have been returned for credit or the  
30 sales or compensating tax otherwise imposed upon such materials which  
31 will not be so incorporated in such facilities reported and paid by such  
32 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
33 following the close of the month in which it shall be determined that such  
34 materials will not be used for the purpose for which such certificate was  
35 issued, such organization concerned shall be liable for tax on all materials  
36 purchased for the project, and upon payment thereof it may recover the  
37 same from the contractor together with reasonable attorney fees. Any  
38 contractor or any agent, employee or subcontractor thereof, who purchased  
39 under such a certificate for any purpose other than that for which such a  
40 certificate is issued without the payment of the sales or compensating tax  
41 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
42 and, upon conviction therefor, shall be subject to the penalties provided for  
43 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this

1 subsection shall expire and have no effect on and after July 1, 2019.

2 Sec. 8. K.S.A. 74-50,116 and 74-50,118 and K.S.A. 2016 Supp. 74-  
3 50,115, 74-50,223, 79-32,160a, 79-32,160g and 79-3606 are hereby  
4 repealed.

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