

Senate Substitute for HOUSE BILL No. 2408

By Committee on Assessment and Taxation

3-23

1 AN ACT concerning sales and compensating use tax; relating to
2 exemptions, midland care connection, inc., Harry Hynes memorial
3 hospice, inc. and hospice of the prairie, inc.; amending K.S.A. 2017
4 Supp. 79-3606 and repealing the existing section.

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

7 Section 1. K.S.A. 2017 Supp. 79-3606 is hereby amended to read as
8 follows: 79-3606. The following shall be exempt from the tax imposed by
9 this act:

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

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

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

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

1 shall obtain from the state and furnish to the contractor an exemption
2 certificate for the project involved, and the contractor may purchase
3 materials for incorporation in such project. The contractor shall furnish the
4 number of such certificate to all suppliers from whom such purchases are
5 made, and such suppliers shall execute invoices covering the same bearing
6 the number of such certificate. Upon completion of the project the
7 contractor shall furnish to the political subdivision, district described in
8 subsection (s), hospital or public hospital authority, school, educational
9 institution or department of corrections concerned a sworn statement, on a
10 form to be provided by the director of taxation, that all purchases so made
11 were entitled to exemption under this subsection. As an alternative to the
12 foregoing procedure, any such contracting entity may apply to the
13 secretary of revenue for agent status for the sole purpose of issuing and
14 furnishing project exemption certificates to contractors pursuant to rules
15 and regulations adopted by the secretary establishing conditions and
16 standards for the granting and maintaining of such status. All invoices
17 shall be held by the contractor for a period of five years and shall be
18 subject to audit by the director of taxation. If any materials purchased
19 under such a certificate are found not to have been incorporated in the
20 building or other project or not to have been returned for credit or the sales
21 or compensating tax otherwise imposed upon such materials which will
22 not be so incorporated in the building or other project reported and paid by
23 such contractor to the director of taxation not later than the 20th day of the
24 month following the close of the month in which it shall be determined
25 that such materials will not be used for the purpose for which such
26 certificate was issued, the political subdivision, district described in
27 subsection (s), hospital or public hospital authority, school, educational
28 institution or the contractor contracting with the department of corrections
29 for a correctional institution concerned shall be liable for tax on all
30 materials purchased for the project, and upon payment thereof it may
31 recover the same from the contractor together with reasonable attorney
32 fees. Any contractor or any agent, employee or subcontractor thereof, who
33 shall use or otherwise dispose of any materials purchased under such a
34 certificate for any purpose other than that for which such a certificate is
35 issued without the payment of the sales or compensating tax otherwise
36 imposed upon such materials, shall be guilty of a misdemeanor and, upon
37 conviction therefor, shall be subject to the penalties provided for in K.S.A.
38 79-3615(h), and amendments thereto;

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

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

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

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

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

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

43 (j) meals served without charge or food used in the preparation of

1 such meals to employees of any restaurant, eating house, dining car, hotel,
2 drugstore or other place where meals or drinks are regularly sold to the
3 public if such employees' duties are related to the furnishing or sale of
4 such meals or drinks;

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

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

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

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

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

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

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

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

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

34 (s) except as provided in K.S.A. 2017 Supp. 82a-2101, and
35 amendments thereto, all sales of tangible personal property or services
36 purchased directly or indirectly by a groundwater management district
37 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
38 amendments thereto, by a rural water district organized or operating under
39 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
40 supply district organized or operating under the authority of K.S.A. 19-
41 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
42 property or services are used in the construction activities, operation or
43 maintenance of the district;

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

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

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

43 (w) all sales of natural gas, electricity, heat and water delivered

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

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

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

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

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

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

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

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

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

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

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

43 (gg) all sales of tangible personal property purchased in accordance

1 with vouchers issued pursuant to the federal special supplemental food
2 program for women, infants and children;

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

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

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

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

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

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

1 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (F) to plan, manage, control or record the receipt and flow of
42 inventories of raw materials, consumables and component parts, the flow
43 of the property undergoing manufacturing or processing and the

1 management of inventories of the finished product;

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

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

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

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

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

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

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

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

1 but that would otherwise qualify for exemption under subsection (3)(E);
2 (F) all machinery and equipment used in surface mining activities as
3 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
4 from the time a reclamation plan is filed to the acceptance of the
5 completed final site reclamation.

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

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

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

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

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

24 (E) furniture and other furnishings;

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

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

31 (H) machinery and equipment used for general plant heating, cooling
32 and lighting;

33 (I) motor vehicles that are registered for operation on public
34 highways; or

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

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

1 determine whether or not such machinery or equipment qualifies for
2 exemption.

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

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

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

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

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

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

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

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

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

42 (tt) all sales of tangible personal property and services purchased by
43 or on behalf of a not-for-profit corporation which is exempt from federal

1 income taxation pursuant to section 501(c)(3) of the federal internal
2 revenue code of 1986, for the sole purpose of constructing a Kansas
3 Korean War memorial;

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

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

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

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

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

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

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

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

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

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

42 (9) the heartstrings community foundation for the purpose of
43 providing training, employment and activities for adults with

1 developmental disabilities;

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

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

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

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

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

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

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

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

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

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

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

43 (21) the American cancer society, inc., for the purpose of eliminating

1 cancer as a major health problem by preventing cancer, saving lives and
2 diminishing suffering from cancer, through research, education, advocacy
3 and service;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (hhh) all sales of tangible personal property and services purchased
43 by or on behalf of all domestic violence shelters that are member agencies

1 of the Kansas coalition against sexual and domestic violence;

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

1 thereof, who shall use or otherwise dispose of any materials purchased
2 under such a certificate for any purpose other than that for which such a
3 certificate is issued without the payment of the sales or compensating tax
4 otherwise imposed upon such materials, shall be guilty of a misdemeanor
5 and, upon conviction therefor, shall be subject to the penalties provided for
6 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
7 July 1, 2005, but prior to the effective date of this act upon the gross
8 receipts received from any sale exempted by the amendatory provisions of
9 this subsection shall be refunded. Each claim for a sales tax refund shall be
10 verified and submitted to the director of taxation upon forms furnished by
11 the director and shall be accompanied by any additional documentation
12 required by the director. The director shall review each claim and shall
13 refund that amount of sales tax paid as determined under the provisions of
14 this subsection. All refunds shall be paid from the sales tax refund fund
15 upon warrants of the director of accounts and reports pursuant to vouchers
16 approved by the director or the director's designee;

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

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

41 (mmm) all sales of tangible personal property purchased by or on
42 behalf of the Marillac center, inc., which is exempt from federal income
43 taxation pursuant to section 501(c)(3) of the federal internal revenue code,

1 for the purpose of providing psycho-social-biological and special
2 education services to children, and all sales of any such property by or on
3 behalf of such organization for such purpose;

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

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

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

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

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

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

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

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

34 (ttt) all sales of tangible personal property or services purchased by a
35 contractor for a project for the purpose of restoring, constructing,
36 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
37 remodeling a home or facility owned by a nonprofit museum which has
38 been granted an exemption pursuant to subsection (qq), which such home
39 or facility is located in a city which has been designated as a qualified
40 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
41 amendments thereto, and which such project is related to the purposes of
42 K.S.A. 75-5071 et seq., and amendments thereto, and which would be
43 exempt from taxation under the provisions of this section if purchased

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

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

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

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

1 children, and all sales of any such property by or on behalf of such
2 organization for such purpose;

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

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

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

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

1 execute invoices covering the same bearing the number of such certificate.
2 Upon completion of the project the contractor shall furnish to TLC
3 charities 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 incorporated into the building or other project
11 reported and paid by such contractor to the director of taxation not later
12 than the 20th day of the month following the close of the month in which it
13 shall be determined that such materials will not be used for the purpose for
14 which such certificate was issued, TLC charities shall be liable for tax on
15 all materials purchased for the project, and upon payment thereof it may
16 recover the same from the contractor together with reasonable attorney
17 fees. Any contractor or any agent, employee or subcontractor thereof, who
18 shall use or otherwise dispose of any materials purchased under such a
19 certificate for any purpose other than that for which such a certificate is
20 issued without the payment of the sales or compensating tax otherwise
21 imposed upon such materials, shall be guilty of a misdemeanor and, upon
22 conviction therefor, shall be subject to the penalties provided for in K.S.A.
23 79-3615(h), and amendments thereto;

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

29 (aaaa) all sales of personal property and services purchased by or on
30 behalf of victory in the valley, 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 a cancer support group and services for
33 persons with cancer, and all sales of any such property by or on behalf of
34 any such organization for any such purpose;

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

40 (cccc) all sales of tangible personal property or services purchased by
41 or on behalf of wayside waifs, inc., which is exempt from federal income
42 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
43 for the purpose of providing such organization's annual fundraiser, an

1 event whose purpose is to support the care of homeless and abandoned
2 animals, animal adoption efforts, education programs for children and
3 efforts to reduce animal over-population and animal welfare services, and
4 all sales of any such property, including entry or participation fees or
5 charges, by or on behalf of such organization for such purpose;

6 (dddd) all sales of tangible personal property or services purchased
7 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
8 of which are exempt from federal income taxation pursuant to section
9 501(c)(3) of the federal internal revenue code, for the purpose of providing
10 education, training and employment opportunities for people with
11 disabilities and other barriers to employment;

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

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

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

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

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

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

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

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

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

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

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

1 contractor to the director of taxation no later than the 20th day of the month
2 following the close of the month in which it shall be determined that such
3 materials will not be used for the purpose for which such certificate was
4 issued, such organization concerned shall be liable for tax on all materials
5 purchased for the project, and upon payment thereof it may recover the
6 same from the contractor together with reasonable attorney fees. Any
7 contractor or any agent, employee or subcontractor thereof, who purchased
8 under such a certificate for any purpose other than that for which such a
9 certificate is issued without the payment of the sales or compensating tax
10 otherwise imposed upon such materials, shall be guilty of a misdemeanor
11 and, upon conviction therefor, shall be subject to the penalties provided for
12 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
13 subsection shall expire and have no effect on and after July 1, 2019; and
14 *(mmmm) all sales of tangible personal property and services*
15 *purchased by midland care connection, inc., Harry Hynes memorial*
16 *hospice, inc. or hospice of the prairie, inc., which are exempt from federal*
17 *income taxation pursuant to section 501(c)(3) of the federal internal*
18 *revenue code of 1986, and which such property and services are used for*
19 *the purpose of providing healthcare services to persons in the community.*
20 Sec. 2. K.S.A. 2017 Supp. 79-3606 is hereby repealed.
21 Sec. 3. This act shall take effect and be in force from and after its
22 publication in the statute book.