

**HOUSE BILL No. 2428**

By Committee on Taxation

5-5

1 AN ACT concerning taxation; relating to income tax, rates on  
2 corporations; sunseting certain credits for high performance firms;  
3 payroll withholding taxes, sunseting benefits under the promoting  
4 employment across Kansas act; sales tax, sunseting certain exemptions  
5 for high performance firms; amending K.S.A. 2014 Supp. 74-50,115,  
6 74-50,132, 74-50,212, 79-32,110, 79-32,160a and 79-3606 and  
7 repealing the existing sections.

8  
9 *Be it enacted by the Legislature of the State of Kansas:*

10 New Section 1. For taxable years commencing after December 31,  
11 2015, no benefits may be earned through the promoting employment  
12 across Kansas act, K.S.A. 2014 Supp. 74-50,210 et seq., and amendments  
13 thereto. Any qualified company that has earned benefits through the  
14 promoting employment across Kansas act, K.S.A. 2014 Supp. 74-50,210 et  
15 seq., and amendments thereto, may continue to receive such benefits after  
16 December 31, 2015, until such time as the benefits have been completely  
17 exhausted and as long as all requirements continue to be met.

18 Sec. 2. K.S.A. 2014 Supp. 74-50,115 is hereby amended to read as  
19 follows: 74-50,115. (a) A manufacturing business may be eligible for a  
20 sales tax exemption under the provisions of ~~subsection (ee)~~ of K.S.A. 79-  
21 3606(cc), and amendments thereto, if the manufacturing business complies  
22 with the following requirements:

23 (1) A manufacturing business shall provide documented evidence of  
24 job expansion involving the employment of at least two additional full-  
25 time employees; and

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

33 (b) A nonmanufacturing business may be eligible for a sales tax  
34 exemption under the provisions of ~~subsection (ee)~~ of K.S.A. 79-3606(cc),  
35 and amendments thereto, if the nonmanufacturing business complies with  
36 the following requirements:

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

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

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

14 (1) A retail business shall provide documented evidence of job  
15 expansion involving the employment of at least two additional full-time  
16 employees; and

17 (2) (A) such retail business locates or expands to a city having a  
18 population of 2,500 or less, as determined by the latest Kansas division of  
19 budget revised population numbers that are certified to the secretary of  
20 state;; or (B) such retail business locates or expands to a location outside a  
21 city in a county having a population of 10,000 or less, as determined by  
22 the latest Kansas division of budget revised population numbers that are  
23 certified to the secretary of state.

24 (d) Any person constructing, reconstructing, remodeling or enlarging  
25 a facility which will be leased in whole or in part for a period of five years  
26 or more, or commencing on the effective date of this act and ending on  
27 April 1, 2007, any person constructing, reconstructing, remodeling or  
28 enlarging a facility located within Saline county which title of such facility  
29 will be conveyed, to a business that would be eligible for a sales tax  
30 exemption hereunder if such business had constructed, reconstructed,  
31 enlarged or remodeled such facility or portion thereof itself shall be  
32 entitled to the sales tax exemption under the provisions of ~~subsection (ee)~~  
33 of K.S.A. 79-3606(cc), and amendments thereto. When such person leases  
34 less than the total facility to an eligible business, a project exemption  
35 certificate may be granted on: (1) The total cost of constructing,  
36 reconstructing, remodeling or enlarging, the facility multiplied by a  
37 fraction given by dividing the number of leased square feet eligible for the  
38 sales tax exemption by the total square feet being constructed,  
39 reconstructed, remodeled or enlarged; or (2) the actual cost of  
40 constructing, reconstructing, remodeling or enlarging that portion of the  
41 facility to be occupied by the eligible business, as the person may elect.

42 (e) *Prior to January 1, 2016*, a business may qualify for a sales tax  
43 exemption under ~~subsection (ee)~~ of K.S.A. 79-3606(cc), and amendments

1 thereto, without regard to any of the foregoing requirements of this section  
2 if it is certified as a qualified firm by the secretary of commerce pursuant  
3 to K.S.A. 74-50,131, and amendments thereto, and is entitled to the  
4 corporate tax credit established in K.S.A. 74-50,132, and amendments  
5 thereto, or has received written approval for participation and has  
6 participated, during the tax year in which the exemption is claimed, in  
7 training assistance by the department of commerce under the Kansas  
8 industrial training, Kansas industrial retraining or state of Kansas  
9 investments in lifelong learning program.

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

12 Sec. 3. K.S.A. 2014 Supp. 74-50,132 is hereby amended to read as  
13 follows: 74-50,132. (a) For taxable years commencing after December 31,  
14 1997, *and ending before January 1, 2016*, a qualified firm shall be entitled  
15 to a credit against the tax imposed by the Kansas income tax act, the  
16 premium tax or privilege fee imposed pursuant to K.S.A. 40-252, and  
17 amendments thereto, or the privilege tax as measured by net income of  
18 financial institutions imposed pursuant to chapter 79, article 11 of the  
19 Kansas Statutes Annotated, *and amendments thereto*, in an amount equal  
20 to the portion of the qualified business facility cash investment in the  
21 training and education of the firm's employees that exceeds 2% of the  
22 firm's total payroll costs. The maximum amount of the credit that may be  
23 claimed by a single corporate taxpayer in any single tax year under this  
24 section shall not exceed \$50,000. Tax credits earned by a qualified  
25 business under this section must be claimed in their entirety in the tax year  
26 eligible.

27 (b) For tax years commencing after December 31, 2005, any taxpayer  
28 claiming credits pursuant to this section, as a condition for claiming and  
29 qualifying for such credits, shall provide information pursuant to K.S.A.  
30 2014 Supp. 79-32,243, and amendments thereto, as part of the tax return in  
31 which such credits are claimed. Such credits shall not be denied solely on  
32 the basis of the contents of the information provided by the taxpayer  
33 pursuant to K.S.A. 2014 Supp. 79-32,243, and amendments thereto.

34 Sec. 4. K.S.A. 2014 Supp. 74-50,212 is hereby amended to read as  
35 follows: 74-50,212. (a) In order to qualify for benefits under this act a  
36 qualified company shall:

37 (1) Relocate to Kansas an existing business facility, office,  
38 department or other operation doing business outside the state of Kansas  
39 and locate the jobs directly related to such relocated business facility,  
40 office, department or other operation in Kansas;

41 (2) locate a new business facility, office, department or other  
42 operation in Kansas and locate the jobs directly related to such business  
43 facility, office, department or other operation in Kansas; or

1 (3) expand an existing business facility, office, department or other  
2 operation located in the state of Kansas and locate the jobs directly related  
3 to such business facility, office, department or other operation in Kansas,  
4 except that no payroll withholding taxes shall be retained prior to January  
5 1, 2012.

6 A qualified company may utilize or contract with a third-party  
7 employer to perform services whereby the third-party employer serves as  
8 the legal employer of the new employees providing services to the  
9 qualified company and such services are performed in Kansas and the  
10 third-party employer and the new employees are subject to the Kansas  
11 withholding and declaration of estimated tax act.

12 (b) Any qualified company, approved by the secretary for benefits  
13 pursuant to paragraph (a), that locates its business operation in a  
14 metropolitan county and will hire at least 10 new employees within two  
15 years from the date the qualified company enters into an agreement with  
16 the secretary pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments  
17 thereto, or any qualified company, approved by the secretary for benefits  
18 pursuant to paragraph (a), that locates its business operation in a non-  
19 metropolitan county and will hire at least five new employees within two  
20 years from the date the qualified company enters into an agreement with  
21 the secretary pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments  
22 thereto, shall: (1) Be eligible to retain 95% of the qualified company's  
23 Kansas payroll withholding taxes for such new employees being paid the  
24 county median wage or higher for a period of up to:

25 (A) Five years if the median wage or average wage paid to the new  
26 employees is equal to at least 100% of the county median wage;

27 (B) six years if the median wage or average wage paid to the new  
28 employees is equal to at least 110% of the county median wage;

29 (C) seven years if the median wage or average wage paid to the new  
30 employees is equal to at least 120% of the county median wage; or

31 (2) be eligible to retain 95% of the qualified company's Kansas  
32 payroll withholding taxes for such new employees being paid the county  
33 median wage or higher for a period of up to five years if the median wage  
34 or average wage paid to the new employees is equal to at least 100% of the  
35 NAICS code industry average wage.

36 (c) Any qualified company, approved by the secretary for benefits  
37 pursuant to paragraph (a), that engages in a high-impact project whereby  
38 the qualified company will hire at least 100 new employees within two  
39 years from the date the qualified company enters into an agreement with  
40 the secretary pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments  
41 thereto, shall be eligible to retain 95% of the qualified company's Kansas  
42 payroll withholding taxes for such new employees being paid the county  
43 median wage or higher for a period of up to:

1 (1) Seven years if the median wage or average wage paid to the new  
2 employees is equal to at least 100% of the county median wage;

3 (2) eight years if the median wage or average wage paid to the new  
4 employees is equal to at least 110% of the county median wage;

5 (3) nine years if the median wage or average wage paid to the new  
6 employees is equal to at least 120% of the county median wage; or

7 (4) ten years if the median wage or average wage paid to the new  
8 employees is equal to at least 140% of the county median wage.

9 (d) In the event that a qualified company contracts with a third party  
10 as described in subsection (a), the third party shall remit payments equal to  
11 the amount of Kansas payroll withholding taxes the qualified company is  
12 eligible to retain under this section to the qualified company, and report  
13 such amount to the department of revenue as required pursuant to  
14 ~~subsection (a) of K.S.A. 2014 Supp. 74-50,214(a)~~, and amendments  
15 thereto.

16 (e) Commencing January 1, 2013, and ending ~~June 30, 2018~~  
17 ~~December 31, 2015~~, any company, which meets the criteria provided  
18 pursuant to the provisions of K.S.A. 2014 Supp. 74-50,211, and  
19 amendments thereto, that retains the employees of an existing business  
20 unit located in Kansas and enters into an agreement with the secretary  
21 pursuant to K.S.A. 2014 Supp. 74-50,213, and amendments thereto, shall  
22 be eligible to retain 95% of the qualified company's Kansas payroll  
23 withholding taxes for such employees for a period of up to five years.

24 (f) (1) Commencing January 1, 2013, and ending ~~June 30, 2018~~  
25 ~~December 31, 2015~~, pursuant to the provisions of subsection (e), the  
26 secretary of commerce, in the secretary's sole determination, may provide  
27 the benefits of the promoting employment across Kansas act for situations  
28 where it is deemed necessary by the secretary that the state of Kansas  
29 provide incentives for a company or its operations currently located in  
30 Kansas to remain in Kansas so as to keep its retained jobs. The secretary  
31 shall establish and verify that a prospective company has competitive  
32 alternatives that it is seriously considering and that a company's relocation  
33 may be imminent. Furthermore, the secretary shall assess:

34 (A) Whether the retention of the company or its operations is  
35 important to the economic vitality of the state;

36 (B) the area where such company or operations is located; or

37 (C) whether the retention of the company or its operations is  
38 important to a particular industry in the state due to any number of factors  
39 including, but not limited to, the quantity, quality or wages of the retained  
40 jobs involved.

41 (2) Effective January 1, 2013, and ending ~~June 30, 2018~~ ~~December~~  
42 ~~31, 2015~~, the secretary may use the promoting employment across Kansas  
43 act in conjunction with other economic development programs to develop

1 a retention package.

2 (g) The provisions of this act as in effect prior to the effective date of  
3 this act shall apply to employers who have entered into agreements with  
4 the secretary prior to July 1, 2011. The provisions of this act shall apply to  
5 employers who enter into agreements with the secretary on and after July  
6 1, 2011.

7 (h) In the event a qualified company entered into an agreement for  
8 benefits under this section prior to January 1, 2013, such qualified  
9 company may request the secretary to extend the benefit term of such  
10 agreement by a period of up to two additional years. If in the secretary's  
11 discretion it is necessary to provide the qualified company with all benefits  
12 intended under such agreement, the extension may be granted.

13 Sec. 5. K.S.A. 2014 Supp. 79-32,110 is hereby amended to read as  
14 follows: 79-32,110.(a) *Resident Individuals*. Except as otherwise provided  
15 by ~~subsection (a)~~ of K.S.A. 79-3220(a), and amendments thereto, a tax is  
16 hereby imposed upon the Kansas taxable income of every resident  
17 individual, which tax shall be computed in accordance with the following  
18 tax schedules:

19 (1) *Married individuals filing joint returns.*

20 (A) For tax year 2012:

If the taxable income is:	The tax is:
Not over \$30,000.....	3.5% of Kansas taxable income
Over \$30,000 but not over	\$1,050 plus 6.25% of excess
\$60,000 .....	over \$30,000
Over \$60,000.....	\$2,925 plus 6.45% of excess
	over \$60,000

27 (B) For tax year 2013:

If the taxable income is:	The tax is:
Not over \$30,000.....	3.0% of Kansas taxable income
Over \$30,000.....	\$900 plus 4.9% of excess over
	\$30,000

32 (C) For tax year 2014:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.7% of Kansas taxable income
Over \$30,000.....	\$810 plus 4.8% of excess over
	\$30,000

37 (D) For tax year 2015:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.7% of Kansas taxable income
Over \$30,000.....	\$810 plus 4.6% of excess over
	\$30,000

42 (E) For tax year 2016:

43 If the taxable income is: The tax is:

1 Not over \$30,000.....2.4% of Kansas taxable income  
 2 Over \$30,000.....\$720 plus 4.6% of excess over  
 3 \$30,000

4 (F) For tax year 2017:

5 If the taxable income is: The tax is:  
 6 Not over \$30,000.....2.3% of Kansas taxable income  
 7 Over \$30,000.....\$690 plus 4.6% of excess over  
 8 \$30,000

9 (G) For tax year 2018, and all tax years thereafter:

10 If the taxable income is: The tax is:  
 11 Not over \$30,000.....2.3% of Kansas taxable income  
 12 Over \$30,000.....\$690 plus 3.9% of excess over  
 13 \$30,000

14 (2) *All other individuals.*

15 (A) For tax year 2012:

16 If the taxable income is: The tax is:  
 17 Not over \$15,000.....3.5% of Kansas taxable income  
 18 Over \$15,000 but not over \$525 plus 6.25% of excess  
 19 \$30,000.....over \$15,000  
 20 Over \$30,000.....\$1,462.50 plus 6.45% of excess  
 21 over \$30,000

22 (B) For tax year 2013:

23 If the taxable income is: The tax is:  
 24 Not over \$15,000.....3.0% of Kansas taxable income  
 25 Over \$15,000.....\$450 plus 4.9% of excess over  
 26 \$15,000

27 (C) For tax year 2014:

28 If the taxable income is: The tax is:  
 29 Not over \$15,000.....2.7% of Kansas taxable income  
 30 Over \$15,000.....\$405 plus 4.8% of excess over  
 31 \$15,000

32 (D) For tax year 2015:

33 If the taxable income is: The tax is:  
 34 Not over \$15,000.....2.7% of Kansas taxable income  
 35 Over \$15,000.....\$405 plus 4.6% of excess over  
 36 \$15,000

37 (E) For tax year 2016:

38 If the taxable income is: The tax is:  
 39 Not over \$15,000.....2.4% of Kansas taxable income  
 40 Over \$15,000.....\$360 plus 4.6% of excess over  
 41 \$15,000

42 (F) For tax year 2017:

43 If the taxable income is: The tax is:

1	Not over \$15,000.....	2.3% of Kansas taxable income
2	Over \$15,000.....	\$345 plus 4.6% of excess over
3		\$15,000

4 (G) For tax year 2018, and all tax years thereafter:

5	If the taxable income is:	The tax is:
6	Not over \$15,000.....	2.3% of Kansas taxable income
7	Over \$15,000.....	\$345 plus 3.9% of excess over
8		\$15,000

9 (b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas  
10 taxable income of every nonresident individual, which tax shall be an  
11 amount equal to the tax computed under subsection (a) as if the  
12 nonresident were a resident multiplied by the ratio of modified Kansas  
13 source income to Kansas adjusted gross income.

14 (c) *Corporations.* A tax is hereby imposed upon the Kansas taxable  
15 income of every corporation doing business within this state or deriving  
16 income from sources within this state. Such tax shall consist of a normal  
17 tax and a surtax and shall be computed as follows:

18 (1) *For tax year 2015,* the normal tax shall be in an amount equal to  
19 4% of the Kansas taxable income of such corporation, *and for tax year*  
20 *2016, and all tax years thereafter, the normal tax shall be in an amount*  
21 *equal to 3.62% of the Kansas taxable income of such corporation; and*

22 (2) (A) for tax year 2008, the surtax shall be in an amount equal to  
23 3.1% of the Kansas taxable income of such corporation in excess of  
24 \$50,000;

25 (B) for tax years 2009 and 2010, the surtax shall be in an amount  
26 equal to 3.05% of the Kansas taxable income of such corporation in excess  
27 of \$50,000; ~~and~~

28 (C) for tax ~~year~~ years 2011, ~~and all tax years thereafter~~ *through 2015,*  
29 the surtax shall be in an amount equal to 3% of the Kansas taxable income  
30 of such corporation in excess of \$50,000; *and*

31 (D) *for tax year 2016, and all tax years thereafter, the surtax shall be*  
32 *in an amount equal to 2.62% of the Kansas taxable income of such*  
33 *corporation in excess of \$50,000.*

34 (d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable  
35 income of estates and trusts at the rates provided in paragraph (2) of  
36 subsection (a) hereof.

37 (e) Tax rates provided in this section shall be adjusted pursuant to the  
38 provisions of K.S.A. 2014 Supp. 79-32,269, and amendments thereto.

39 Sec. 6. K.S.A. 2014 Supp. 79-32,160a is hereby amended to read as  
40 follows: 79-32,160a. (a) For taxable years commencing after December  
41 31, 1999, and before January 1, 2012, any taxpayer who shall invest in a  
42 qualified business facility, as defined in ~~subsection (b) of~~ K.S.A. 79-  
43 32,154(b), and amendments thereto, and effective for tax years



1 commencing after December 31, 2010, and before January 1, 2012,  
2 located in an area other than a metropolitan county as defined in either  
3 K.S.A. 2014 Supp. 74-50,114 or 74-50,211, and amendments thereto, and  
4 also meets the definition of a business in ~~subsection (b) of K.S.A. 74-~~  
5 ~~50,114(b)~~, and amendments thereto, shall be allowed a credit for such  
6 investment, in an amount determined under subsection (b) or (c), as the  
7 case requires, against the tax imposed by the Kansas income tax act or  
8 where the qualified business facility is the principal place from which the  
9 trade or business of the taxpayer is directed or managed and the facility  
10 has facilitated the creation of at least 20 new full-time positions, against  
11 the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
12 amendments thereto, or as measured by the net income of financial  
13 institutions imposed pursuant to article 11 of chapter 79 of the Kansas  
14 Statutes Annotated, and amendments thereto, for the taxable year during  
15 which commencement of commercial operations, as defined in ~~subsection~~  
16 ~~(f) of K.S.A. 79-32,154(f)~~, and amendments thereto, occurs at such  
17 qualified business facility. In the case of a taxpayer who meets the  
18 definition of a manufacturing business in ~~subsection (d) of K.S.A. 74-~~  
19 ~~50,114(d)~~, and amendments thereto, no credit shall be allowed under this  
20 section unless the number of qualified business facility employees, as  
21 determined under ~~subsection (d) of K.S.A. 79-32,154(d)~~, and amendments  
22 thereto, engaged or maintained in employment at the qualified business  
23 facility as a direct result of the investment by the taxpayer for the taxable  
24 year for which the credit is claimed equals or exceeds two. In the case of a  
25 taxpayer who meets the definition of a nonmanufacturing business in  
26 ~~subsection (f) of K.S.A. 74-50,114(f)~~, and amendments thereto, no credit  
27 shall be allowed under this section unless the number of qualified business  
28 facility employees, as determined under ~~subsection (d) of K.S.A. 79-~~  
29 ~~32,154(d)~~, and amendments thereto, engaged or maintained in employment  
30 at the qualified business facility as a direct result of the investment by the  
31 taxpayer for the taxable year for which the credit is claimed equals or  
32 exceeds five. Where an employee performs services for the taxpayer  
33 outside the qualified business facility, the employee shall be considered  
34 engaged or maintained in employment at the qualified business facility if:  
35 (1) The employee's service performed outside the qualified business  
36 facility is incidental to the employee's service inside the qualified business  
37 facility; or (2) the base of operations or, the place from which the service is  
38 directed or controlled, is at the qualified business facility.

39 (b) The credit allowed by subsection (a) for any taxpayer who invests  
40 in a qualified business facility which is located in a designated  
41 nonmetropolitan region established under K.S.A. 74-50,116, and  
42 amendments thereto, on or after the effective date of this act, shall be a  
43 portion of the income tax imposed by the Kansas income tax act on the

1 taxpayer's Kansas taxable income, the premium tax or privilege fees  
2 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the  
3 privilege tax as measured by the net income of financial institutions  
4 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes  
5 Annotated, and amendments thereto, for the taxable year for which such  
6 credit is allowed, but in the case where the qualified business facility  
7 investment was made prior to January 1, 1996, not in excess of 50% of  
8 such tax. Such portion shall be an amount equal to the sum of the  
9 following:

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

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

17 (c) The credit allowed by subsection (a) for any taxpayer who invests  
18 in a qualified business facility, which is not located in a nonmetropolitan  
19 region established under K.S.A. 74-50,116, and amendments thereto, and  
20 effective for tax years commencing after December 31, 2010, and before  
21 January 1, 2012, located in an area other than a metropolitan county as  
22 defined in either K.S.A. 2014 Supp. 74-50,114 or 74-50,211, and  
23 amendments thereto, and which also meets the definition of business in  
24 ~~subsection (b) of K.S.A. 74-50,114(b)~~, and amendments thereto, on or  
25 after the effective date of this act, shall be a portion of the income tax  
26 imposed by the Kansas income tax act on the taxpayer's Kansas taxable  
27 income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-  
28 252, and amendments thereto, or the privilege tax as measured by the net  
29 income of financial institutions imposed pursuant to article 11 of chapter  
30 79 of the Kansas Statutes Annotated, and amendments thereto, for the  
31 taxable year for which such credit is allowed, but in the case where the  
32 qualified business facility investment was made prior to January 1, 1996,  
33 not in excess of 50% of such tax. Such portion shall be an amount equal to  
34 the sum of the following:

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

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

42 (d) The credit allowed by subsection (a) for each qualified business  
43 facility employee and for qualified business facility investment shall be a

1 one-time credit. If the amount of the credit allowed under subsection (a)  
2 exceeds the tax imposed by the Kansas income tax act on the taxpayer's  
3 Kansas taxable income, the premium tax and privilege fees imposed  
4 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
5 measured by the net income of financial institutions imposed pursuant to  
6 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
7 thereto, for the taxable year, or in the case where the qualified business  
8 facility investment was made prior to January 1, 1996, 50% of such tax  
9 imposed upon the amount which exceeds such tax liability or such portion  
10 thereof may be carried over for credit in the same manner in the  
11 succeeding taxable years until the total amount of such credit is used.  
12 Except that, before the credit is allowed, a taxpayer, who meets the  
13 definition of a manufacturing business in ~~subsection (d) of K.S.A. 74-~~  
14 ~~50,114(d),~~ and amendments thereto, shall recertify annually that the net  
15 increase of a minimum of two qualified business facility employees has  
16 continued to be maintained and a taxpayer, who meets the definition of a  
17 nonmanufacturing business in ~~subsection (f) of K.S.A. 74-50,114(f),~~ and  
18 amendments thereto, shall recertify annually that the net increase of a  
19 minimum of five qualified business employees has continued to be  
20 maintained.

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

1 commences investments in a qualified business facility prior to December  
2 31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and  
3 ~~subsection (e) of 79-32,160a(e)~~, and amendments thereto, in an amount  
4 equal to 10% of that portion of the qualified business facility investment  
5 which exceeds \$50,000. Timing modifications may be authorized at the  
6 discretion of the secretary of commerce and the secretary of revenue  
7 during the transition period. The credit allowed by this subsection shall be  
8 a one-time credit. If the amount thereof exceeds the tax imposed by the  
9 Kansas income tax act on the taxpayer's Kansas taxable income or the  
10 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and  
11 amendments thereto, or the privilege tax as measured by net income of  
12 financial institutions imposed pursuant to article 11 of chapter 79 of the  
13 Kansas Statutes Annotated, and amendments thereto, for the taxable year,  
14 the amount thereof which exceeds such tax liability may be carried  
15 forward for credit in the succeeding taxable year or years until the total  
16 amount of the tax credit is used, except that no such tax credit shall be  
17 carried forward for deduction after the 16<sup>th</sup> taxable year succeeding the  
18 taxable year in which such credit initially was claimed, and no  
19 carryforward shall be allowed for deduction in any succeeding taxable  
20 year unless the taxpayer certifies under oath that the taxpayer continues to  
21 meet the requirements of K.S.A. 74-50,131, and amendments thereto, and  
22 this act. In no event shall any credit allowed under this section that expired  
23 during any taxable year prior to the taxable year commencing January 1,  
24 2011, be revived under the provisions of this act.

25 *(2) For taxable years commencing after December 31, 2015, no*  
26 *credits may be earned through this subsection. Any carry forward credit*  
27 *that has been earned through this subsection may continue for the*  
28 *remainder of the 16-year period as long as all requirements continue to be*  
29 *met.*

30 (f) For tax years commencing after December 31, 2005, any taxpayer  
31 claiming credits pursuant to this section, as a condition for claiming and  
32 qualifying for such credits, shall provide information pursuant to K.S.A.  
33 2014 Supp. 79-32,243, and amendments thereto, as part of the tax return in  
34 which such credits are claimed. Such credits shall not be denied solely on  
35 the basis of the contents of the information provided by the taxpayer  
36 pursuant to K.S.A. 2014 Supp. 79-32,243, and amendments thereto.

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

40 Sec. 7. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as  
41 follows: 79-3606. The following shall be exempt from the tax imposed by  
42 this act:

43 (a) All sales of motor-vehicle fuel or other articles upon which a sales

1 or excise tax has been paid, not subject to refund, under the laws of this  
2 state except cigarettes as defined by K.S.A. 79-3301, and amendments  
3 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-  
4 3817, and amendments thereto, including wort, liquid malt, malt syrup and  
5 malt extract, which is not subject to taxation under the provisions of  
6 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant  
7 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.  
8 65-3424d, and amendments thereto, drycleaning and laundry services  
9 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross  
10 receipts from regulated sports contests taxed pursuant to the Kansas  
11 professional regulated sports act, and amendments thereto;

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

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

35 (d) all sales of tangible personal property or services purchased by a  
36 contractor for the purpose of constructing, equipping, reconstructing,  
37 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
38 any public or private nonprofit hospital or public hospital authority, public  
39 or private elementary or secondary school, a public or private nonprofit  
40 educational institution, state correctional institution including a privately  
41 constructed correctional institution contracted for state use and ownership,  
42 which would be exempt from taxation under the provisions of this act if  
43 purchased directly by such hospital or public hospital authority, school,

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

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

21 (e) all sales of tangible personal property or services purchased by a  
22 contractor for the erection, repair or enlargement of buildings or other  
23 projects for the government of the United States, its agencies or  
24 instrumentalities, which would be exempt from taxation if purchased  
25 directly by the government of the United States, its agencies or  
26 instrumentalities. When the government of the United States, its agencies  
27 or instrumentalities shall contract for the erection, repair, or enlargement  
28 of any building or other project, it shall obtain from the state and furnish to  
29 the contractor an exemption certificate for the project involved, and the  
30 contractor may purchase materials for incorporation in such project. The  
31 contractor shall furnish the number of such certificates to all suppliers  
32 from whom such purchases are made, and such suppliers shall execute  
33 invoices covering the same bearing the number of such certificate. Upon  
34 completion of the project the contractor shall furnish to the government of  
35 the United States, its agencies or instrumentalities concerned a sworn  
36 statement, on a form to be provided by the director of taxation, that all  
37 purchases so made were entitled to exemption under this subsection. As an  
38 alternative to the foregoing procedure, any such contracting entity may  
39 apply to the secretary of revenue for agent status for the sole purpose of  
40 issuing and furnishing project exemption certificates to contractors  
41 pursuant to rules and regulations adopted by the secretary establishing  
42 conditions and standards for the granting and maintaining of such status.  
43 All invoices shall be held by the contractor for a period of five years and

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

9 (f) tangible personal property purchased by a railroad or public utility  
10 for consumption or movement directly and immediately in interstate  
11 commerce;

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

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

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

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

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

36 (l) all isolated or occasional sales of tangible personal property,  
37 services, substances or things, except isolated or occasional sale of motor  
38 vehicles specifically taxed under the provisions of ~~subsection (o)~~ of K.S.A.  
39 79-3603(o), and amendments thereto;

40 (m) all sales of tangible personal property which become an  
41 ingredient or component part of tangible personal property or services  
42 produced, manufactured or compounded for ultimate sale at retail within  
43 or without the state of Kansas; and any such producer, manufacturer or



1 compounder may obtain from the director of taxation and furnish to the  
2 supplier an exemption certificate number for tangible personal property for  
3 use as an ingredient or component part of the property or services  
4 produced, manufactured or compounded;

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

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

22 (p) all sales of drugs dispensed pursuant to a prescription order by a  
23 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
24 1626, and amendments thereto. As used in this subsection, "drug" means a  
25 compound, substance or preparation and any component of a compound,  
26 substance or preparation, other than food and food ingredients, dietary  
27 supplements or alcoholic beverages, recognized in the official United  
28 States pharmacopoeia, official homeopathic pharmacopoeia of the United  
29 States or official national formulary, and supplement to any of them,  
30 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
31 of disease or intended to affect the structure or any function of the body,  
32 except that for taxable years commencing after December 31, 2013, this  
33 subsection shall not apply to any sales of drugs used in the performance or  
34 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
35 thereto;

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

39 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
40 enteral feeding systems, prosthetic devices and mobility enhancing  
41 equipment prescribed in writing by a person licensed to practice the  
42 healing arts, dentistry or optometry, and in addition to such sales, all sales  
43 of hearing aids, as defined by ~~subsection (e) of~~ K.S.A. 74-5807(c), and

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

17 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and  
18 amendments thereto, all sales of tangible personal property or services  
19 purchased directly or indirectly by a groundwater management district  
20 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
21 amendments thereto, by a rural water district organized or operating under  
22 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
23 supply district organized or operating under the authority of K.S.A. 19-  
24 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which  
25 property or services are used in the construction activities, operation or  
26 maintenance of the district;

27 (t) all sales of farm machinery and equipment or aquaculture  
28 machinery and equipment, repair and replacement parts therefor and  
29 services performed in the repair and maintenance of such machinery and  
30 equipment. For the purposes of this subsection the term "farm machinery  
31 and equipment or aquaculture machinery and equipment" shall include a  
32 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
33 thereto, and is equipped with a bed or cargo box for hauling materials, and  
34 shall also include machinery and equipment used in the operation of  
35 Christmas tree farming but shall not include any passenger vehicle, truck,  
36 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as  
37 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm  
38 machinery and equipment" includes precision farming equipment that is  
39 portable or is installed or purchased to be installed on farm machinery and  
40 equipment. "Precision farming equipment" includes the following items  
41 used only in computer-assisted farming, ranching or aquaculture  
42 production operations: Soil testing sensors, yield monitors, computers,  
43 monitors, software, global positioning and mapping systems, guiding

1 systems, modems, data communications equipment and any necessary  
2 mounting hardware, wiring and antennas. Each purchaser of farm  
3 machinery and equipment or aquaculture machinery and equipment  
4 exempted herein must certify in writing on the copy of the invoice or sales  
5 ticket to be retained by the seller that the farm machinery and equipment  
6 or aquaculture machinery and equipment purchased will be used only in  
7 farming, ranching or aquaculture production. Farming or ranching shall  
8 include the operation of a feedlot and farm and ranch work for hire and the  
9 operation of a nursery;

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

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

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

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

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

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

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

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

15 ~~(cc) all sales of tangible personal property or services purchased prior~~  
16 ~~to January 1, 2012, except as otherwise provided, for the purpose of and in~~  
17 ~~conjunction with constructing, reconstructing, enlarging or remodeling a~~  
18 ~~business or retail business which meets the requirements established in~~  
19 ~~K.S.A. 74-50,115, and amendments thereto, and the sale and installation of~~  
20 ~~machinery and equipment purchased for installation at any such business~~  
21 ~~or retail business, and all sales of tangible personal property or services~~  
22 ~~purchased on or after prior to January 1, 2012 2016, for the purpose of and~~  
23 ~~in conjunction with constructing, reconstructing, enlarging or remodeling a~~  
24 ~~business which meets the requirements established in K.S.A. 74-50,115(e),~~  
25 ~~and amendments thereto, and the sale and installation of machinery and~~  
26 ~~equipment purchased for installation at any such business. When a person~~  
27 ~~shall contract for the construction, reconstruction, enlargement or~~  
28 ~~remodeling of any such business or retail business, such person shall~~  
29 ~~obtain from the state and furnish to the contractor an exemption certificate~~  
30 ~~for the project involved, and the contractor may purchase materials,~~  
31 ~~machinery and equipment for incorporation in such project. The contractor~~  
32 ~~shall furnish the number of such certificates to all suppliers from whom~~  
33 ~~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 the owner of the~~  
36 ~~business or retail business a sworn statement, on a form to be provided by~~  
37 ~~the director of taxation, that all purchases so made were entitled to~~  
38 ~~exemption under this subsection. All invoices shall be held by the~~  
39 ~~contractor for a period of five years and shall be subject to audit by the~~  
40 ~~director of taxation. Any contractor or any agent, employee or~~  
41 ~~subcontractor thereof, who shall use or otherwise dispose of any materials,~~  
42 ~~machinery or equipment purchased under such a certificate for any~~  
43 ~~purpose other than that for which such a certificate is issued without the~~

1 payment of the sales or compensating tax otherwise imposed thereon, shall  
2 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
3 to the penalties provided for in ~~subsection (g) of K.S.A. 79-3615(h)~~, and  
4 amendments thereto. As used in this subsection, "business" and "retail  
5 business" have the meanings respectively ascribed thereto by K.S.A. 74-  
6 50,114, and amendments thereto. Project exemption certificates that have  
7 been previously issued under this subsection by the department of revenue  
8 pursuant to ~~K.S.A. 74-50,115, and amendments thereto, but not including~~  
9 ~~K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012-~~  
10 ~~2016~~, and have not expired will be effective for the term of the project or  
11 two years from the effective date of the certificate, whichever occurs  
12 earlier. Project exemption certificates that are submitted to the department  
13 of revenue prior to January 1, ~~2012~~ 2016, and are found to qualify will be  
14 issued a project exemption certificate that will be effective for a two-year  
15 period or for the term of the project, whichever occurs earlier;

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

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

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

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

29 (hh) all sales of medical supplies and equipment, including durable  
30 medical equipment, purchased directly by a nonprofit skilled nursing home  
31 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,  
32 and amendments thereto, for the purpose of providing medical services to  
33 residents thereof. This exemption shall not apply to tangible personal  
34 property customarily used for human habitation purposes. As used in this  
35 subsection, "durable medical equipment" means equipment including  
36 repair and replacement parts for such equipment, which can withstand  
37 repeated use, is primarily and customarily used to serve a medical purpose,  
38 generally is not useful to a person in the absence of illness or injury and is  
39 not worn in or on the body, but does not include mobility enhancing  
40 equipment as defined in subsection (r), oxygen delivery equipment, kidney  
41 dialysis equipment or enteral feeding systems;

42 (ii) all sales of tangible personal property purchased directly by a  
43 nonprofit organization for nonsectarian comprehensive multidiscipline

1 youth development programs and activities provided or sponsored by such  
2 organization, and all sales of tangible personal property by or on behalf of  
3 any such organization. This exemption shall not apply to tangible personal  
4 property customarily used for human habitation purposes;

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

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

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

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

27 (2) For purposes of this subsection:

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

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

41 (C) "manufacturing or processing plant or facility" means a single,  
42 fixed location owned or controlled by a manufacturing or processing  
43 business that consists of one or more structures or buildings in a

1 contiguous area where integrated production operations are conducted to  
2 manufacture or process tangible personal property to be ultimately sold at  
3 retail. Such term shall not include any facility primarily operated for the  
4 purpose of conveying or assisting in the conveyance of natural gas,  
5 electricity, oil or water. A business may operate one or more manufacturing  
6 or processing plants or facilities at different locations to manufacture or  
7 process a single product of tangible personal property to be ultimately sold  
8 at retail;

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

42 (E) "repair and replacement parts and accessories" means all parts  
43 and accessories for exempt machinery and equipment, including, but not

1 limited to, dies, jigs, molds, patterns and safety devices that are attached to  
2 exempt machinery or that are otherwise used in production, and parts and  
3 accessories that require periodic replacement such as belts, drill bits,  
4 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
5 other refractory items for exempt kiln equipment used in production  
6 operations;

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

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

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

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

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

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

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

24 (F) to plan, manage, control or record the receipt and flow of  
25 inventories of raw materials, consumables and component parts, the flow  
26 of the property undergoing manufacturing or processing and the  
27 management of inventories of the finished product;

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

31 (H) to package the property being manufactured or processed in a  
32 container or wrapping in which such property is normally sold or  
33 transported;

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

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

42 (K) to provide and control an environment required to maintain  
43 certain levels of air quality, humidity or temperature in special and limited



1 areas of the plant or facility, where such regulation of temperature or  
2 humidity is part of and essential to the production process;

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

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

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

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

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

39 (B) machinery, equipment and tools used primarily in maintaining  
40 and repairing any type of machinery and equipment or the building and  
41 plant;

42 (C) transportation, transmission and distribution equipment not  
43 primarily used in a production, warehousing or material handling

1 operation at the plant or facility, including the means of conveyance of  
2 natural gas, electricity, oil or water, and equipment related thereto, located  
3 outside the plant or facility;

4 (D) office machines and equipment including computers and related  
5 peripheral equipment not used directly and primarily to control or measure  
6 the manufacturing process;

7 (E) furniture and other furnishings;

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

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

14 (H) machinery and equipment used for general plant heating, cooling  
15 and lighting;

16 (I) motor vehicles that are registered for operation on public  
17 highways; or

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

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

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

31 (ll) all sales of educational materials purchased for distribution to the  
32 public at no charge by a nonprofit corporation organized for the purpose of  
33 encouraging, fostering and conducting programs for the improvement of  
34 public health, except that for taxable years commencing after December  
35 31, 2013, this subsection shall not apply to any sales of such materials  
36 purchased by a nonprofit corporation which performs any abortion, as  
37 defined in K.S.A. 65-6701, and amendments thereto;

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

42 (nn) except as otherwise provided in this act, all sales of services  
43 rendered by an advertising agency or licensed broadcast station or any

1 member, agent or employee thereof;

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

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

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

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

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

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

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

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

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

42 (2) the Kansas alliance for the mentally ill, inc. for the purpose of  
43 advocacy for persons with mental illness and to education, research and

1 support for their families;

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

5 (4) the American diabetes association Kansas affiliate, inc. for the  
6 purpose of eliminating diabetes through medical research, public education  
7 focusing on disease prevention and education, patient education including  
8 information on coping with diabetes, and professional education and  
9 training;

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

15 (6) the Kansas chapters of the Alzheimer's disease and related  
16 disorders association, inc. for the purpose of providing assistance and  
17 support to persons in Kansas with Alzheimer's disease, and their families  
18 and caregivers;

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

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

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

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

31 (11) the spina bifida association of Kansas for the purpose of  
32 providing financial, educational and practical aid to families and  
33 individuals with spina bifida. Such aid includes, but is not limited to,  
34 funding for medical devices, counseling and medical educational  
35 opportunities;

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

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

42 (14) the dreams work, inc., for the purpose of providing young adult  
43 day services to individuals with developmental disabilities and assisting

1 families in avoiding institutional or nursing home care for a  
2 developmentally disabled member of their family;

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

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

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

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

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

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

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

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

32 (23) the angel babies association, for the purpose of providing  
33 assistance, support and items of necessity to teenage mothers and their  
34 babies; and

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

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

40 (xx) all sales of tangible personal property and services purchased by  
41 a nonprofit zoo which is exempt from federal income taxation pursuant to  
42 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
43 of such zoo by an entity itself exempt from federal income taxation

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

42 (yy) all sales of tangible personal property and services purchased by  
43 a parent-teacher association or organization, and all sales of tangible

1 personal property by or on behalf of such association or organization;

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

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

1 liable for tax on all materials purchased for the project, and upon payment  
2 thereof it may recover the same from the contractor together with  
3 reasonable attorney fees. Any contractor or any agent, employee or  
4 subcontractor thereof, who shall use or otherwise dispose of any materials  
5 purchased under such a certificate for any purpose other than that for  
6 which such a certificate is issued without the payment of the sales or  
7 compensating tax otherwise imposed upon such materials, shall be guilty  
8 of a misdemeanor and, upon conviction therefor, shall be subject to the  
9 penalties provided for in ~~subsection (g) of~~ K.S.A. 79-3615(h), and  
10 amendments thereto. Sales tax paid on and after July 1, 1998, but prior to  
11 the effective date of this act upon the gross receipts received from any sale  
12 exempted by the amendatory provisions of this subsection shall be  
13 refunded. Each claim for a sales tax refund shall be verified and submitted  
14 to the director of taxation upon forms furnished by the director and shall  
15 be accompanied by any additional documentation required by the director.  
16 The director shall review each claim and shall refund that amount of sales  
17 tax paid as determined under the provisions of this subsection. All refunds  
18 shall be paid from the sales tax refund fund upon warrants of the director  
19 of accounts and reports pursuant to vouchers approved by the director or  
20 the director's designee;

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

27 (ccc) on and after July 1, 1999, all sales of tangible personal property  
28 and services purchased by a primary care clinic or health center the  
29 primary purpose of which is to provide services to medically underserved  
30 individuals and families, and which is exempt from federal income  
31 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
32 and all sales of tangible personal property or services purchased by a  
33 contractor for the purpose of constructing, equipping, reconstructing,  
34 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
35 any such clinic or center which would be exempt from taxation under the  
36 provisions of this section if purchased directly by such clinic or center,  
37 except that for taxable years commencing after December 31, 2013, this  
38 subsection shall not apply to any sales of such tangible personal property  
39 and services purchased by a primary care clinic or health center which  
40 performs any abortion, as defined in K.S.A. 65-6701, and amendments  
41 thereto. Nothing in this subsection shall be deemed to exempt the purchase  
42 of any construction machinery, equipment or tools used in the  
43 constructing, equipping, reconstructing, maintaining, repairing, enlarging,



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

33 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
34 sales of materials and services purchased by any class II or III railroad as  
35 classified by the federal surface transportation board for the construction,  
36 renovation, repair or replacement of class II or III railroad track and  
37 facilities used directly in interstate commerce. In the event any such track  
38 or facility for which materials and services were purchased sales tax  
39 exempt is not operational for five years succeeding the allowance of such  
40 exemption, the total amount of sales tax which would have been payable  
41 except for the operation of this subsection shall be recouped in accordance  
42 with rules and regulations adopted for such purpose by the secretary of  
43 revenue;

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

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

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

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

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

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

1 director's designee;

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

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

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

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

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

41 (ppp) all sales of tangible personal property and services purchased  
42 by or on behalf of a homeless shelter which is exempt from federal income  
43 taxation pursuant to section 501(c)(3) of the federal income tax code of

1 1986, and used by any such homeless shelter to provide emergency and  
2 transitional housing for individuals and families experiencing  
3 homelessness, and all sales of any such property by or on behalf of any  
4 such homeless shelter for any such purpose;

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

42 (eeee) all sales of tangible personal property or services purchased by  
43 or on behalf of All American beef battalion, inc., which is exempt from

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

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

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

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

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

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

1 Wichita children's home. Nothing in this subsection shall be deemed to  
2 exempt the purchase of any construction machinery, equipment or tools  
3 used in the constructing, maintaining, repairing, enlarging, furnishing or  
4 remodeling such facilities for Wichita children's home. When Wichita  
5 children's home contracts for the purpose of constructing, maintaining,  
6 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
7 from the state and furnish to the contractor an exemption certificate for the  
8 project involved, and the contractor may purchase materials for  
9 incorporation in such project. The contractor shall furnish the number of  
10 such certificate to all suppliers from whom such purchases are made, and  
11 such suppliers shall execute invoices covering the same bearing the  
12 number of such certificate. Upon completion of the project, the contractor  
13 shall furnish to Wichita children's home a sworn statement, on a form to be  
14 provided by the director of taxation, that all purchases so made were  
15 entitled to exemption under this subsection. All invoices shall be held by  
16 the contractor for a period of five years and shall be subject to audit by the  
17 director of taxation. If any materials purchased under such a certificate are  
18 found not to have been incorporated in the building or other project or not  
19 to have been returned for credit or the sales or compensating tax otherwise  
20 imposed upon such materials which will not be so incorporated in the  
21 building or other project reported and paid by such contractor to the  
22 director of taxation not later than the 20<sup>th</sup> day of the month following the  
23 close of the month in which it shall be determined that such materials will  
24 not be used for the purpose for which such certificate was issued, Wichita  
25 children's home shall be liable for the tax on all materials purchased for the  
26 project, and upon payment, it may recover the same from the contractor  
27 together with reasonable attorney fees. Any contractor or any agent,  
28 employee or subcontractor, who shall use or otherwise dispose of any  
29 materials purchased under such a certificate for any purpose other than that  
30 for 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, shall be subject to the penalties  
33 provided for in ~~subsection (h)~~ of K.S.A. 79-3615(h), and amendments  
34 thereto;

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

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

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

4 Sec. 8. K.S.A. 2014 Supp. 74-50,115, 74-50,132, 74-50,212, 79-  
5 32,110, 79-32,160a and 79-3606 are hereby repealed.

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