

SENATE BILL No. 110

By Senators Olson, Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Faust-Goudeau, Francisco, Hawk, Hensley, Holmes, Kelly, Kerschen, LaTurner, Longbine, Lynn, Masterson, McGinn, Melcher, O'Donnell, Petersen, Pettey, Pilcher-Cook, Powell, Schmidt, Smith, Tyson, Wilborn and Wolf

1-29

1 AN ACT concerning sales taxation; relating to exemptions of certain
2 machinery and equipment used in automated ice vending machines;
3 amending K.S.A. 2014 Supp. 79-3606 and repealing the existing
4 section.
5

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

7 Section 1. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as
8 follows: 79-3606. The following shall be exempt from the tax imposed by
9 this act:

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

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

1 furnishing gas, electricity or heat to others and such items of personal
2 property or service are used or proposed to be used in such business;

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

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

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

41 (e) all sales of tangible personal property or services purchased by a
42 contractor for the erection, repair or enlargement of buildings or other
43 projects for the government of the United States, its agencies or

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

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

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

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

43 (i) the lease or rental of all films, records, tapes, or any type of sound

1 or picture transcriptions used by motion picture exhibitors;

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

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

13 (l) all isolated or occasional sales of tangible personal property,
14 services, substances or things, except isolated or occasional sale of motor
15 vehicles specifically taxed under the provisions of ~~subsection (o)~~ of K.S.A.
16 79-3603(o), and amendments thereto;

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

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

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

42 (p) all sales of drugs dispensed pursuant to a prescription order by a
43 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-

1 1626, and amendments thereto. As used in this subsection, "drug" means a
2 compound, substance or preparation and any component of a compound,
3 substance or preparation, other than food and food ingredients, dietary
4 supplements or alcoholic beverages, recognized in the official United
5 States pharmacopoeia, official homeopathic pharmacopoeia of the United
6 States or official national formulary, and supplement to any of them,
7 intended for use in the diagnosis, cure, mitigation, treatment or prevention
8 of disease or intended to affect the structure or any function of the body,
9 except that for taxable years commencing after December 31, 2013, this
10 subsection shall not apply to any sales of drugs used in the performance or
11 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
12 thereto;

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

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

37 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and
38 amendments thereto, all sales of tangible personal property or services
39 purchased directly or indirectly by a groundwater management district
40 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
41 amendments thereto, by a rural water district organized or operating under
42 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
43 supply district organized or operating under the authority of K.S.A. 19-

1 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
2 property or services are used in the construction activities, operation or
3 maintenance of the district;

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

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

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

1 at a place designated for such purpose, and all sales of food products by or
2 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

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

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

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

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

40 (ff) on and after July 1, 1988, all sales of new mobile homes or
41 manufactured homes to the extent of 40% of the gross receipts, determined
42 without regard to any trade-in allowance, received from such sale. As used
43 in this subsection, "mobile homes" and "manufactured homes" shall have

1 the meanings ascribed thereto by K.S.A. 58-4202, and amendments
2 thereto;

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

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

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

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

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

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

1 performed on such machinery and equipment; and

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

4 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (F) to plan, manage, control or record the receipt and flow of
2 inventories of raw materials, consumables and component parts, the flow
3 of the property undergoing manufacturing or processing and the
4 management of inventories of the finished product;

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

8 (H) to package the property being manufactured or processed in a
9 container or wrapping in which such property is normally sold or
10 transported;

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

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

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

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

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

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

1 processor. If the fabricator purchases such material, the fabricator shall
2 also sign the exemption certificate; (E) a manufacturing or processing
3 business' laboratory equipment that is not located at the plant or facility,
4 but that would otherwise qualify for exemption under subsection (3)(E);
5 ~~and~~ (F) all machinery and equipment used in surface mining activities as
6 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
7 from the time a reclamation plan is filed to the acceptance of the
8 completed final site reclamation; *and (G) for purchases made on or after*
9 *July 1, 2015, machinery and equipment used to manufacture or process*
10 *ice for sale that is utilized in an automated stand alone self-serving ice*
11 *vending machine.*

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

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

19 (B) machinery, equipment and tools used primarily in maintaining
20 and repairing any type of machinery and equipment or the building and
21 plant;

22 (C) transportation, transmission and distribution equipment not
23 primarily used in a production, warehousing or material handling
24 operation at the plant or facility, including the means of conveyance of
25 natural gas, electricity, oil or water, and equipment related thereto, located
26 outside the plant or facility;

27 (D) office machines and equipment including computers and related
28 peripheral equipment not used directly and primarily to control or measure
29 the manufacturing process;

30 (E) furniture and other furnishings;

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

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

37 (H) machinery and equipment used for general plant heating, cooling
38 and lighting;

39 (I) motor vehicles that are registered for operation on public
40 highways; or

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

1 (6) Subsections (3) and (5) shall not be construed as exclusive listings
2 of the machinery and equipment that qualify or do not qualify as an
3 integral or essential part of an integrated production operation. When
4 machinery or equipment is used as an integral or essential part of
5 production operations part of the time and for nonproduction purposes at
6 other times, the primary use of the machinery or equipment shall
7 determine whether or not such machinery or equipment qualifies for
8 exemption.

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

11 (ll) all sales of educational materials purchased for distribution to the
12 public at no charge by a nonprofit corporation organized for the purpose of
13 encouraging, fostering and conducting programs for the improvement of
14 public health, except that for taxable years commencing after December
15 31, 2013, this subsection shall not apply to any sales of such materials
16 purchased by a nonprofit corporation which performs any abortion, as
17 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

37 (rr) all sales of tangible personal property which will admit the
38 purchaser thereof to any annual event sponsored by a nonprofit
39 organization which is exempt from federal income taxation pursuant to
40 section 501(c)(3) of the federal internal revenue code of 1986, except that
41 for taxable years commencing after December 31, 2013, this subsection
42 shall not apply to any sales of such tangible personal property purchased
43 by a nonprofit organization which performs any abortion, as defined in

1 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

28 (4) the American diabetes association Kansas affiliate, inc. for the
29 purpose of eliminating diabetes through medical research, public education
30 focusing on disease prevention and education, patient education including
31 information on coping with diabetes, and professional education and
32 training;

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

38 (6) the Kansas chapters of the Alzheimer's disease and related
39 disorders association, inc. for the purpose of providing assistance and
40 support to persons in Kansas with Alzheimer's disease, and their families
41 and caregivers;

42 (7) the Kansas chapters of the Parkinson's disease association for the
43 purpose of eliminating Parkinson's disease through medical research and

1 public and professional education related to such disease;

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

5 (9) the heartstrings community foundation for the purpose of
6 providing training, employment and activities for adults with
7 developmental disabilities;

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

11 (11) the spina bifida association of Kansas for the purpose of
12 providing financial, educational and practical aid to families and
13 individuals with spina bifida. Such aid includes, but is not limited to,
14 funding for medical devices, counseling and medical educational
15 opportunities;

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

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

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

26 (15) the KSDS, Inc., for the purpose of promoting the independence
27 and inclusion of people with disabilities as fully participating and
28 contributing members of their communities and society through the
29 training and providing of guide and service dogs to people with
30 disabilities, and providing disability education and awareness to the
31 general public;

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

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

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

41 (19) the international association of lions clubs for the purpose of
42 creating and fostering a spirit of understanding among all people for
43 humanitarian needs by providing voluntary services through community

1 involvement and international cooperation;

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

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

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

12 (23) the angel babies association, for the purpose of providing
13 assistance, support and items of necessity to teenage mothers and their
14 babies; and

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

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

20 (xx) all sales of tangible personal property and services purchased by
21 a nonprofit zoo which is exempt from federal income taxation pursuant to
22 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
23 of such zoo by an entity itself exempt from federal income taxation
24 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
25 contracted with to operate such zoo and all sales of tangible personal
26 property or services purchased by a contractor for the purpose of
27 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
28 furnishing or remodeling facilities for any nonprofit zoo which would be
29 exempt from taxation under the provisions of this section if purchased
30 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
31 this subsection shall be deemed to exempt the purchase of any construction
32 machinery, equipment or tools used in the constructing, equipping,
33 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
34 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
35 the purpose of constructing, equipping, reconstructing, maintaining,
36 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
37 from the state and furnish to the contractor an exemption certificate for the
38 project involved, and the contractor may purchase materials for
39 incorporation in such project. The contractor shall furnish the number of
40 such certificate to all suppliers from whom such purchases are made, and
41 such suppliers shall execute invoices covering the same bearing the
42 number of such certificate. Upon completion of the project the contractor
43 shall furnish to the nonprofit zoo concerned a sworn statement, on a form

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 such contractor to the director of taxation not later than the 20th day of the
2 month following the close of the month in which it shall be determined
3 that such materials will not be used for the purpose for which such
4 certificate was issued, such organization concerned shall be liable for tax
5 on all materials purchased for the project, and upon payment thereof it
6 may recover the same from the contractor together with reasonable
7 attorney fees. Any contractor or any agent, employee or subcontractor
8 thereof, who shall use or otherwise dispose of any materials purchased
9 under such a certificate for any purpose other than that for which such a
10 certificate is issued without the payment of the sales or compensating tax
11 otherwise imposed upon such materials, shall be guilty of a misdemeanor
12 and, upon conviction therefor, shall be subject to the penalties provided for
13 in ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto. Sales tax
14 paid on and after July 1, 2005, but prior to the effective date of this act
15 upon the gross receipts received from any sale exempted by the
16 amendatory provisions of this subsection shall be refunded. Each claim for
17 a sales tax refund shall be verified and submitted to the director of taxation
18 upon forms furnished by the director and shall be accompanied by any
19 additional documentation required by the director. The director shall
20 review each claim and shall refund that amount of sales tax paid as
21 determined under the provisions of this subsection. All refunds shall be
22 paid from the sales tax refund fund upon warrants of the director of
23 accounts and reports pursuant to vouchers approved by the director or the
24 director's designee;

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

40 (lll) all sales of tangible personal property and services purchased by
41 special olympics Kansas, inc. for the purpose of providing year-round
42 sports training and athletic competition in a variety of olympic-type sports
43 for individuals with intellectual disabilities by giving them continuing

1 opportunities to develop physical fitness, demonstrate courage, experience
2 joy and participate in a sharing of gifts, skills and friendship with their
3 families, other special olympics athletes and the community, and activities
4 provided or sponsored by such organization, and all sales of tangible
5 personal property by or on behalf of any such organization;

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

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

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

21 (ppp) all sales of tangible personal property and services purchased
22 by or on behalf of a homeless shelter which is exempt from federal income
23 taxation pursuant to section 501(c)(3) of the federal income tax code of
24 1986, and used by any such homeless shelter to provide emergency and
25 transitional housing for individuals and families experiencing
26 homelessness, and all sales of any such property by or on behalf of any
27 such homeless shelter for any such purpose;

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

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

30 (rrr) all sales of tangible personal property and services purchased by
31 any county law library maintained pursuant to law and sales of tangible
32 personal property and services purchased by an organization which would
33 have been exempt from taxation under the provisions of this subsection if
34 purchased directly by the county law library for the purpose of providing
35 legal resources to attorneys, judges, students and the general public, and
36 all sales of any such property by or on behalf of any such county law
37 library;

38 (sss) all sales of tangible personal property and services purchased by
39 catholic charities or youthville, hereinafter referred to as charitable family
40 providers, which is exempt from federal income taxation pursuant to
41 section 501(c)(3) of the federal internal revenue code of 1986, and which
42 such property and services are used for the purpose of providing
43 emergency shelter and treatment for abused and neglected children as well

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

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

1 contractor for a project for the purpose of restoring, constructing,
2 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
3 remodeling a home or facility owned by a nonprofit museum which has
4 been granted an exemption pursuant to subsection (qq), which such home
5 or facility is located in a city which has been designated as a qualified
6 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
7 amendments thereto, and which such project is related to the purposes of
8 K.S.A. 75-5071 et seq., and amendments thereto, and which would be
9 exempt from taxation under the provisions of this section if purchased
10 directly by such nonprofit museum. Nothing in this subsection shall be
11 deemed to exempt the purchase of any construction machinery, equipment
12 or tools used in the restoring, constructing, equipping, reconstructing,
13 maintaining, repairing, enlarging, furnishing or remodeling a home or
14 facility for any such nonprofit museum. When any such nonprofit museum
15 shall contract for the purpose of restoring, constructing, equipping,
16 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
17 a home or facility, it shall obtain from the state and furnish to the
18 contractor an exemption certificate for the project involved, and the
19 contractor may purchase materials for incorporation in such project. The
20 contractor shall furnish the number of such certificates to all suppliers
21 from whom such purchases are made, and such suppliers shall execute
22 invoices covering the same bearing the number of such certificate. Upon
23 completion of the project, the contractor shall furnish to such nonprofit
24 museum a sworn statement on a form to be provided by the director of
25 taxation that all purchases so made were entitled to exemption under this
26 subsection. All invoices shall be held by the contractor for a period of five
27 years and shall be subject to audit by the director of taxation. If any
28 materials purchased under such a certificate are found not to have been
29 incorporated in the building or other project or not to have been returned
30 for credit or the sales or compensating tax otherwise imposed upon such
31 materials which will not be so incorporated in a home or facility or other
32 project reported and paid by such contractor to the director of taxation not
33 later than the 20th day of the month following the close of the month in
34 which it shall be determined that such materials will not be used for the
35 purpose for which such certificate was issued, such nonprofit museum
36 shall be liable for tax on all materials purchased for the project, and upon
37 payment thereof it may recover the same from the contractor together with
38 reasonable attorney fees. Any contractor or any agent, employee or
39 subcontractor thereof, who shall use or otherwise dispose of any materials
40 purchased under such a certificate for any purpose other than that for
41 which such a certificate is issued without the payment of the sales or
42 compensating tax otherwise imposed upon such materials, shall be guilty
43 of a misdemeanor and, upon conviction therefor, shall be subject to the

1 penalties provided for in ~~subsection (g)~~ of K.S.A. 79-3615(h), and
2 amendments thereto;

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

1 without the payment of the sales or compensating tax otherwise imposed
2 upon such materials, shall be guilty of a misdemeanor and, upon
3 conviction therefor, shall be subject to the penalties provided for in
4 ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto;

5 (vvv) all sales of tangible personal property or services, including the
6 renting and leasing of tangible personal property or services, purchased by
7 jazz in the woods, inc., a Kansas corporation which is exempt from federal
8 income taxation pursuant to section 501(c)(3) of the federal internal
9 revenue code, for the purpose of providing jazz in the woods, an event
10 benefiting children-in-need and other nonprofit charities assisting such
11 children, and all sales of any such property by or on behalf of such
12 organization for such purpose;

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

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

1 purchases so made were entitled to exemption under this subsection. All
2 invoices shall be held by the contractor for a period of five years and shall
3 be subject to audit by the director of taxation. If any materials purchased
4 under such a certificate are found not to have been incorporated in such
5 facilities or not to have been returned for credit or the sales or
6 compensating tax otherwise imposed upon such materials which will not
7 be so incorporated in such facilities reported and paid by such contractor
8 to the director of taxation not later than the 20th day of the month following
9 the close of the month in which it shall be determined that such materials
10 will not be used for the purpose for which such certificate was issued, such
11 organization concerned shall be liable for tax on all materials purchased
12 for the project, and upon payment thereof it may recover the same from
13 the contractor together with reasonable attorney fees. Any contractor or
14 any agent, employee or subcontractor thereof, who shall use or otherwise
15 dispose of any materials purchased under such a certificate for any purpose
16 other than that for which such a certificate is issued without the payment
17 of the sales or compensating tax otherwise imposed upon such materials,
18 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
19 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
20 3615(h), and amendments thereto. Sales tax paid on and after January 1,
21 2007, but prior to the effective date of this act upon the gross receipts
22 received from any sale which would have been exempted by the provisions
23 of this subsection had such sale occurred after the effective date of this act
24 shall be refunded. Each claim for a sales tax refund shall be verified and
25 submitted to the director of taxation upon forms furnished by the director
26 and shall be accompanied by any additional documentation required by the
27 director. The director shall review each claim and shall refund that amount
28 of sales tax paid as determined under the provisions of this subsection. All
29 refunds shall be paid from the sales tax refund fund upon warrants of the
30 director of accounts and reports pursuant to vouchers approved by the
31 director or the director's designee;

32 (yyy) all sales of tangible personal property and services purchased
33 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
34 which is exempt from federal income taxation pursuant to section 501(c)
35 (3) of the federal internal revenue code of 1986, and which such property
36 and services are used for the purpose of encouraging private philanthropy
37 to further the vision, values, and goals of TLC for children and families,
38 inc.; and all sales of such property and services by or on behalf of TLC
39 charities for any such purpose and all sales of tangible personal property or
40 services purchased by a contractor for the purpose of constructing,
41 maintaining, repairing, enlarging, furnishing or remodeling facilities for
42 the operation of services for TLC charities for any such purpose which
43 would be exempt from taxation under the provisions of this section if

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

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

39 (aaaa) all sales of personal property and services purchased by or on
40 behalf of victory in the valley, inc., which is exempt from federal income
41 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
42 for the purpose of providing a cancer support group and services for
43 persons with cancer, and all sales of any such property by or on behalf of

1 any such organization for any such purpose;

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

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

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

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

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

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

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

34 (hhhh) all sales of tangible personal property or services purchased on
35 or after July 1, 2014, for the purpose of and in conjunction with
36 constructing, reconstructing, enlarging or remodeling a business identified
37 under the North American industry classification system (NAICS)
38 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
39 installation of machinery and equipment purchased for installation at any
40 such business. The exemption provided in this subsection shall not apply
41 to projects that have actual total costs less than \$50,000. When a person
42 contracts for the construction, reconstruction, enlargement or remodeling
43 of any such business, such person shall obtain from the state and furnish to

1 the contractor an exemption certificate for the project involved, and the
2 contractor may purchase materials, machinery and equipment for
3 incorporation in such project. The contractor shall furnish the number of
4 such certificates to all suppliers from whom such purchases are made, and
5 such suppliers shall execute invoices covering the same bearing the
6 number of such certificate. Upon completion of the project, the contractor
7 shall furnish to the owner of the business a sworn statement, on a form to
8 be provided by the director of taxation, that all purchases so made were
9 entitled to exemption under this subsection. All invoices shall be held by
10 the contractor for a period of five years and shall be subject to audit by the
11 director of taxation. Any contractor or any agent, employee or
12 subcontractor of the contractor, who shall use or otherwise dispose of any
13 materials, machinery or equipment purchased under such a certificate for
14 any purpose other than that for which such a certificate is issued without
15 the payment of the sales or compensating tax otherwise imposed thereon,
16 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
17 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
18 3615(h), and amendments thereto;

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

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

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

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

27 Sec. 2. K.S.A. 2014 Supp. 79-3606 is hereby repealed.

28 Sec. 3. This act shall take effect and be in force from and after its
29 publication in the statute book.