

# Journal of the Senate

SIXTY-THIRD DAY

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SENATE CHAMBER, TOPEKA, KANSAS  
Friday, April 26, 2024, 10:00 a.m.

The Senate was called to order by President Ty Masterson.  
The roll was called with 37 senators present.  
Senators Haley, Ryckman and Shallenburger were excused.  
The President introduced guest Chaplain, Doug Henkle, to deliver the invocation:

Dear Heavenly Father, I come to You, this morning, in the powerful name of Jesus. Thank You that with each new dawn You deliver to our door a fresh, new package called "today."

I pray that You would give the members of this chamber newness of thought today. Give them clarity of mind and Godly wisdom. Cause them to be thankful for the opportunity to meet the challenges of today, challenges which can appear overwhelming, with solutions that seem elusive. Remind them that what appears to be an unsolvable problem is actually a rather exhilarating challenge and an opportunity to see Your mighty hand at work.

I pray that at the end of the day their work would lead to sound laws that would honor You and bless the citizens of our state. As the work in this session approaches a conclusion, cause us to finish strong, to Your glory. Fill this chamber with peace, Father, Your peace, which is far beyond our understanding. Give us a sense of inner peace; peace with You, peace with ourselves and peace with one another. Cause us, today and every day, to be people who model responsibility, who promote fairness, loyalty, respect for others, and who hold to strong, upright convictions.

I pray for President Masterson, Vice President Wilborn, Majority Leader Alley and Minority Leader Sykes. Bless them with a renewed vision for Your will as they lead in this chamber to a conclusion that honors and blesses You.

In Jesus' Name, Amen!

The Pledge of Allegiance was led by President Masterson.

## POINT OF PERSONAL PRIVILEGE

Senator O'Shea rose on a Point of Personal Privilege to share the following remarks:

"As the session comes to a close, I want to take a moment to thank my constituents, my family and my Senate colleagues. While I will not be seeking reelection at the end of this term, it has been an honor and a privilege to serve my community and our state these past four years. This experience has been filled with milestones for me, both personally and professionally. At 27, I was the youngest woman to be elected to the Kansas Senate, and I am grateful to my constituents for believing in me and entrusting

me with that honor. In my first year, my husband and I welcomed our firstborn, and many of you were a special part of our son Leland's first year and my first year of motherhood. Acquired my second business, and, in this last year of my term, Gabriel and I will soon welcome our second child. It is my hope that the path has now been forged for more young women and young moms to seek a seat at the table. Because it is everyday Kansans — moms and dads, retirees and those in the dawn of their careers, people who work hard, play fair, and challenge the status quo — who can and should have the greatest influence on the policy decisions being made for our future. We cannot lose sight of what truly makes the democratic process work — that is, nonpolitical people serving in the political realm. While it is the right time for me to say goodbye to elected office, I am not saying goodbye to service. Service has been an important part of my life and it will continue to be through my businesses, through motherhood and through my community involvement. Thank you again for the opportunity to serve alongside you. May God bless the decision-makers in these halls with humility, curiosity, and courage.”

#### COMMUNICATIONS FROM STATE OFFICERS

The following report was submitted to the Senate and are on file with the Secretary of the Senate:

Notice of Intention to Dispose of Building, USD 373 - Newton Public Schools

#### MESSAGE FROM THE HOUSE

The House announced the appointment of Representatives Waymaster, Hoffman and Helgerson as conferees on **SB 27** to replace Representatives Sutton, Penn and Neighbor.

The House accedes to the request of the Senate for a conference on **H Sub SB 172** and has appointed Representatives Tarwater, Borjon and Probst as conferees on the part of the House.

The House announce the appointment of Representative W. Carpenter, Kessler and Hoye to replace Representatives Sutton, Penn and Neighbor as conferees on **HB 2530**. The House announced the appointment of Representative Howerton to Replace Representative B. Carpenter as a conferee on **H Sub SB 291**

The House accedes to the request of the Senate for a conference on **HB 2784** and has appointed Representatives Landwehr, Eplee and Ruiz, S. as Second conferees on the part of the House.

The House adopts the Conference Committee report on **H Sub SB 387**.

#### CONSIDERATION OF ORIGINAL MOTIONS

Senator Alley moved that subsection 4(k) of the Joint Rules of the Senate and House of Representatives be suspended for the purpose of considering the following bills: **H Sub Sub SB 232; H Sub SB 387; SB 500; HB 2096, HB 2097, HB 2176, HB 2784**. Motion carried.

On motion of Senator Tyson, the Senate acceded to the request of the House for a conference on **HB 2096**.

The President appointed Senators Tyson, Peck and Holland as second conferees on the part of the Senate.

On motion of Senator McGinn, the Senate acceded to the request of the House for a

conference on **HB 2176**.

The President appointed Senators McGinn, Bowers and Francisco as second conferees on the part of the Senate.

The motion by Senator Olson on **SB 135** to withdraw from the **Committee on Federal and State Affairs** and advance the bill to **General Orders** was not adopted by the required 24 affirmative votes.

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 12; Nays 25; Present and Passing 0; Absent or Not Voting 3.

Yeas: Corson, Doll, Faust-Goudeau, Francisco, Holland, Holscher, Olson, Pettey, Pittman, Reddi, Sykes, Ware.

Nays: Alley, Baumgardner, Billinger, Blasi, Bowers, Claeys, Dietrich, Erickson, Fagg, Gossage, Kerschen, Kloos, Longbine, Masterson, McGinn, O'Shea, Peck, Petersen, Pyle, Steffen, Straub, Thompson, Tyson, Warren, Wilborn.

Absent or Not Voting: Haley, Ryckman, Shallenburger.

The motion by Senator Sykes on **SB 355** to withdraw from the **Committee on Public Health and Welfare** and advance the bill to **General Orders** was not adopted by the required 24 affirmative votes.

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 18; Nays 17; Present and Passing 2; Absent or Not Voting 3.

Yeas: Billinger, Bowers, Corson, Dietrich, Doll, Faust-Goudeau, Francisco, Holland, Holscher, Longbine, McGinn, O'Shea, Olson, Pettey, Pittman, Reddi, Sykes, Ware.

Nays: Alley, Baumgardner, Blasi, Claeys, Erickson, Fagg, Gossage, Kerschen, Masterson, Peck, Pyle, Steffen, Straub, Thompson, Tyson, Warren, Wilborn.

Present and Passing: Kloos, Petersen.

Absent or Not Voting: Haley, Ryckman, Shallenburger.

#### EXPLANATION OF VOTE

By not expanding Medicaid, Kansas has enjoyed the benefit of being able to assess the impact of other states who have chosen to do so. The results demonstrate beyond a shadow of a doubt that Kansas is wise to preserve Medicaid for those for whom it was created to help. Expanding Medicaid would kick able-bodied adults off affordable or sometimes premium-free private plans and force them onto a government program, thereby crowding out those who are already on waiting lists today. The quality of health care they receive would be diminished and the negative budgetary consequences of such a scheme would be permanent. That is why the Senate is wise to vote down this procedural motion. I vote No. —TY MASTERSON

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to SB 232 submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed as House Substitute for Substitute for Senate Bill No. 232 with House Committee of the Whole amendments, as follows:

On page 1, by striking all in lines 11 through 35;

By striking all on pages 2 and 3;

On page 4, by striking all in lines 1 through 28; following line 28, by inserting:

"Section 1. K.S.A. 20-165 is hereby amended to read as follows: 20-165. (a) The supreme court shall adopt rules establishing guidelines for the amount of child support to be ordered in any action in this state including, but not limited to, K.S.A. 39-755 and K.S.A. 23-2215, and amendments thereto, article 30 of chapter 23 of the Kansas Statutes Annotated, and amendments thereto, and K.S.A. 23-2711, and amendments thereto.

(b) In adopting such rules, the court shall consider all relevant factors, including, but not limited to:

- (1) The needs of the child;
- (2) the standards of living and circumstances of the parents;
- (3) the relative financial means of the parents;
- (4) the earning ability of the parents;
- (5) the need and capacity of the child for education;
- (6) the age of the child;
- (7) the financial resources and earning ability of the child;
- (8) the responsibility of the parents for the support of others; ~~and~~
- (9) the value of services contributed by both parents; ~~and~~
- (10) the direct medical and pregnancy-related expenses of the mother if the child is an unborn child.

(c) The maximum amount of child support to be ordered for the support of an unborn child shall not exceed the direct medical and pregnancy-related expenses of the mother of the unborn child. Pregnancy-related expenses shall not include any costs related to an elective abortion.

(d) The amount of child support determined pursuant to subsection (b)(10) shall be calculated from the date of conception of such unborn child. Interest shall accrue for any such amount of child support at the statutory rate provided under K.S.A. 16-204, and amendments thereto, and shall continue to accrue until the payment of such child support is no longer in arrearage.

(e) As used in this section:

(1) "Elective abortion" means an abortion for any reason other than to prevent the death of the mother upon whom the abortion is performed, except that an abortion may not be deemed one to prevent the death of the mother based on a claim or diagnosis that such mother will engage in conduct that would result in such mother's death; and

(2) "unborn child" means the same as defined in K.S.A. 23-3001, and amendments thereto.

Sec. 2. K.S.A. 23-2205 is hereby amended to read as follows: 23-2205. (a) As used in this act, "parent and child relationship" means the legal relationship existing between a child and the child's biological or adoptive parents incident to which the law confers or imposes rights, privileges, duties and obligations. It includes the mother and child relationship and the father and child relationship.

(b) For purposes of this section, the term "child" includes any unborn child as defined in K.S.A. 23-3001, and amendments thereto.

Sec. 3. K.S.A. 23-3001 is hereby amended to read as follows: 23-3001. (a) In any action under article 27 of chapter 23 of the Kansas Statutes Annotated, and amendments

thereto, the court shall make provisions for the support and education of the minor children.

(b) Regardless of the type of custodial arrangement ordered by the court, the court may order the child support and education expenses to be paid by either or both parents for any child less than 18 years of age, at which age the support shall terminate unless:

(1) The parent or parents agree, by written agreement approved by the court, to pay support beyond the time the child reaches 18 years of age;

(2) the child reaches 18 years of age before completing the child's high school education in which case the support shall not terminate automatically, unless otherwise ordered by the court, until June 30 of the school year during which the child became 18 years of age if the child is still attending high school; or

(3) the child is still a bona fide high school student after June 30 of the school year during which the child became 18 years of age, in which case the court, on motion, may order support to continue through the school year during which the child becomes 19 years of age so long as the child is a bona fide high school student and the parents jointly participated or knowingly acquiesced in the decision which delayed the child's completion of high school. The court, in extending support pursuant to ~~subsection (b)(3)~~ this paragraph, may impose such conditions as are appropriate and shall set the child support utilizing the guideline table category for 12-year through 18-year-old children. For purposes of this section, "bona fide high school student" means a student who is enrolled in full accordance with the policy of the accredited high school in which the student is pursuing a high school diploma or a graduate equivalency diploma (GED).

(c) ~~Provision for payment of support and educational expenses of a child after reaching 18 years of age if still attending high school shall apply to any child subject to the jurisdiction of the court, including those whose support was ordered prior to July 1, 1992. If an agreement approved by the court prior to July 1, 1992, provides for termination of support before the date provided by subsection (b)(3), the court may review and modify such agreement, and any order based on such agreement, to extend the date for termination of support to the date provided by subsection (b)(3)As used in article 30 of chapter 23 of the Kansas Statutes Annotated, and amendments thereto, the term "unborn child" means a living individual organism of the species homo sapiens, in utero, at any stage of gestation from fertilization to birth."~~

Also on page 4, in line 29, by striking all after the first "K.S.A."; in line 30, by striking "2203a" and inserting "20-165, 23-2205 and 23-3001"; in line 32, by striking "Kansas register" and inserting "statute book";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after "and"; by striking all in lines 2 through 5; in line 6, by striking all before the semicolon and inserting "families; relating to orders of child support; providing for child support for unborn children from the date of conception"; also in line 6, by striking all after "K.S.A."; in line 7, by striking all before "and" and inserting "20-165, 23-2205 and 23-3001"; also in line 7, by striking all after "sections"; in line 8, by striking all before the period;

And your committee on conference recommends the adoption of this report.

SUSAN HUMPHRIES

BOB LEWIS

*Conferees on part of House*

KELLIE WARREN  
RICK WILBORN

*Conferees on part of Senate*

Senator Warren moved the Senate adopt the Conference Committee Report on **H Sub Sub SB 232**.

On roll call, the vote was: Yeas 25; Nays 12; Present and Passing 0; Absent or Not Voting 3.

Yeas: Alley, Baumgardner, Billinger, Blasi, Bowers, Claeys, Dietrich, Erickson, Fagg, Gossage, Kerschen, Kloos, Longbine, Masterson, O'Shea, Olson, Peck, Petersen, Pyle, Steffen, Straub, Thompson, Tyson, Warren, Wilborn.

Nays: Corson, Doll, Faust-Goudeau, Francisco, Holland, Holscher, McGinn, Pettey, Pittman, Reddi, Sykes, Ware.

Absent or Not Voting: Haley, Ryckman, Shallenburger.

The Conference Committee Report was adopted.

**CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to SB 387 submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed as House Substitute for Senate Bill No. 387 with House Committee of the Whole amendments, as follows:

On page 2, following line 41, by inserting:

"(f) On the effective date of this act, the \$300,000 appropriated for the above agency for the fiscal year ending June 30, 2024, by section 2(a) of chapter 98 of the 2023 Session Laws of Kansas from the state general fund in the juvenile transitional crisis center pilot account (652-00-1000-0210) is hereby lapsed.

(g) There is hereby appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2024, the following:

Operating expenditures (including  
official hospitality) (652-00-1000-0053).....\$87,297";

On page 3, by striking all in lines 33 through 43;

On page 4, by striking all in lines 1 through 16; by striking all in lines 19 and 20; by striking all in lines 26 through 43;

On page 5, by striking all in lines 1 through 12; in line 13, by striking all before the period and inserting "*Provided*, That expenditures shall be made by the above agency from the school safety and security grants account for fiscal year 2025 for disbursements of grant moneys approved by the state board of education for the: (1) Acquisition of automated external defibrillators and routine maintenance of such devices; (2) purchase and installation of security cameras that are compatible with the firearm detection software specified in paragraph (3); and (3) notwithstanding the provisions of K.S.A. 72-1151, and amendments thereto, or any other statute, acquisition and implementation of firearm detection software that: (A) Can reduce the threat and impact of gun violence by providing a firearm detection software solution that integrates into existing security camera systems; (B) is designated as qualified anti-terrorism technology under the federal SAFETY act, 6 U.S.C. § 441 et seq.; (C) complies with industry standard information security frameworks, including ISO 27001 and SOC 2 type 2; (D) is managed through a constantly monitored operations center

that is staffed by highly trained analysts to ensure rapid communication of possible threats to end users; (E) is developed in the United States without the use of any third-party or open-source data; (F) is protected by an awarded patent that includes a training database populated with frames of actual videos of firearms that were taken in relevant environments across diverse industries; (G) is utilized in at least 30 states with customers in the public and private sectors; (H) does not store, monetize or collect any biometric data or personally identifiable information; and (I) is able to detect three broad firearm classifications with a minimum of 300 subclassifications and has the ability to detect at least 2,000 permutations: *Provided further*, That all moneys expended for school safety and security grants for fiscal year 2025 shall be matched by the receiving school district on a \$1-for-\$1 basis from other moneys of the school district that may be used for such purpose: *And provided further*, That, notwithstanding the provisions of K.S.A. 75-3739, and amendments thereto, or any other statute, not less than 30 days following the effective date of this act, the above agency shall publish a list of the entities that provide firearm detection software that meets the requirements of paragraph (3)";

On page 6, in line 10, by striking "\$2,300,000" and inserting "\$1,300,000"; by striking all in lines 11 through 17; in line 20, by striking "\$75,000,000" and inserting "\$65,500,000"; in line 23, by striking "\$75,000,000" and inserting "\$65,500,000"; in line 31, by striking "\$3,670,000" and inserting "\$1,770,000"; by striking all in lines 32 through 39;

On page 7, by striking all in lines 5 through 18;

On page 11, following line 31, by inserting:

"Children's cabinet public-private partnership pilot program.....\$5,000,000

*Provided*, That all expenditures from the children's cabinet public-private partnership pilot program account shall be provided to a community foundation-led project that funds operational support to childcare providers in rural and frontier communities and can serve as a regional model for addressing childcare supply challenges: *Provided further*, That all such expenditures from such account shall require a match of private moneys on the basis of \$1 state moneys for \$1 private moneys: *And provided further*, That it is the intent of the legislature that the appropriation to the children's cabinet public-private partnership pilot program account made by this act is intended to be a one-time appropriation and that no moneys shall be appropriated to such account for fiscal year 2026.";

On page 13, in line 29, by striking "\$610,518,818" and inserting "\$601,018,818";

On page 14, in line 4, by striking "\$75,000,000" and inserting "sum of \$65,500,000";

On page 17, in line 18, after the semicolon by inserting "and"; in line 20, by striking "; and"; by striking all in line 21; in line 22, by striking all before the period;

On page 18, in line 8, by striking "Commencing in school year 2024-2025,"; also in line 8, after "each" by inserting "participating";

On page 19, in line 13, after "Each" by inserting "participating"; in line 39, after "Each" by inserting "participating";

On page 21, in line 27, after "(1)" by inserting "Commencing in school year 2030-2031,";

On page 22, in line 33, after "(2)" by inserting "commencing in school year 2030-2031,"; in line 42, after "Each" by inserting "participating";

On page 23, in line 7, by striking all after "students"; in line 8, by striking all before "who"; in line 12, after "(i) (1)" by inserting "For school years 2024-2025 and 2025-2026, the provisions of subsections (a) through (h) shall be implemented as a pilot program by 10 school districts selected by the state board of education for participation in such pilot program. When selecting the 10 school districts that will participate in such pilot program, the state board of education shall select a diverse array of school districts with consideration given to a school district's size, location, student demographics and level of staff participation and prior training in the science of reading.

(2) Commencing in school year 2026-2027, the provisions of subsections (a) through (h) shall be implemented by all school districts, including the school districts that participated in the pilot program. A school district that participated in the pilot program may identify new student cohort groups in such school year.

(j) (1)";

Also on page 23, in line 15, after "(A)" by inserting "Subject to the provisions of subsection (i),"; in line 20, after "(B)" by inserting "subject to the provisions of subsection (i),"; in line 25, after "(C)" by inserting "the expenditures made from the school district's at-risk education fund, which shall be submitted:

(i) In school years 2024-2025 and 2025-2026 by the school districts that are participating in the pilot program established pursuant to subsection (i); and

(ii) in school year 2026-2027 and each school year thereafter, by all school districts;

(D)";

Also on page 23, in line 33, by striking "(D)" and inserting "(E)";

On page 24, in line 8, by striking "(j)" and inserting "(k) Commencing in school year 2026-2027,"; in line 9, after "by" by inserting "all"; in line 12, after the second quotation mark by inserting "Commencing in school year 2026-2027,"; in line 18, by striking "(i)" and inserting "(j)";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 26, in line 23, by striking all after "(f)"; by striking all in lines 24 through 28; in line 29, by striking "(g)";

On page 33, in line 31, by striking all after "section"; by striking all in lines 32 through 37; in line 38, by striking all before the period; in line 40, by striking all after "districts"; in line 41, by striking all before "for";

On page 34, in line 40, after the stricken material by inserting "and"; in line 43 by striking the semicolon;

On page 35, by striking all in lines 1 through 12; in line 13, by striking all before the period; in line 15, by striking all after "aid"; in line 16, by striking ", raised and used";

On page 36, in line 43, by striking all after "than";

On page 37, by striking all in lines 1 and 2; in line 3, by striking all before the period and inserting "\$601,018,818";

On page 46, in line 38, by striking "peer" and inserting "school district";

On page 47, following line 1, by inserting:

(C) If the state board removes any program or service from the state board's list of approved at-risk educational programs and services, a school district that is implementing any such program or service may apply to the state board to continue to

make expenditures from the school district's at-risk education fund for such program or service. When considering any such application, the state board shall require such school district to demonstrate that any of the following improvements are directly attributable to the program or service:

- (i) Academic improvement in either mathematics or English language arts; or
- (ii) an improvement in attendance, college and career readiness measures or the educational climate through a measurable decrease in detentions, expulsions, tardiness or other behavioral issues that hinder student learning.";

Also on page 47, by striking all in lines 7 through 15;

On page 48, in line 34, by striking "peer" and inserting "school district";

On page 1, in the title, in line 9, by striking "to count additional funding"; in line 16, by striking all after the semicolon; in line 17, by striking all before the first "to" and inserting "establishing a pilot program in school years 2024-2025 and 2025-2026 to require certain school districts"; in line 19, after the semicolon by inserting "requiring all school districts to participate in such program commencing in school year 2026-2027"; in line 22, by striking "expenditure" and inserting "expenditures";

And your committee on conference recommends the adoption of this report.

KRISTEY WILLIAMS

JASON GOETZ

VALDENIA WINN

*Conferees on part of House*

MOLLY BAUMGARDNER

RENEE ERICKSON

DINAH SYKES

*Conferees on part of Senate*

Senator Baumgardner moved the Senate adopt the Conference Committee Report on **H Sub SB 387**.

On roll call, the vote was: Yeas 35; Nays 2; Present and Passing 0; Absent or Not Voting 3.

Yeas: Alley, Baumgardner, Billinger, Blasi, Bowers, Claeys, Corson, Dietrich, Doll, Erickson, Fagg, Faust-Goudeau, Francisco, Gossage, Holland, Holscher, Kerschen, Kloos, Longbine, Masterson, McGinn, O'Shea, Olson, Peck, Petersen, Pettey, Pittman, Pyle, Reddi, Straub, Sykes, Thompson, Ware, Warren, Wilborn.

Nays: Steffen, Tyson.

Absent or Not Voting: Haley, Ryckman, Shallenburger.

The Conference Committee Report was adopted.

## **CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to SB 500 submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee of the Whole amendments, as follows:

On page 2, in line 10, by striking "individual" and inserting "person"; in line 13, by striking "individual's" and inserting "person's";

On page 3, in line 27, after "(C)" by inserting "(i)"; following line 34, by inserting:

"(ii) The provisions of this subparagraph shall be construed and applied retroactively. A person may petition the district or municipal court in which the person should have complied with the citation that led to a prior violation of this section. If the court determines that the person committed an offense that does not provide the basis for a violation of this section, as amended by this act, the court shall immediately electronically notify the division of vehicles. Upon receipt of such notification from the informing court, the division of vehicles shall terminate any restriction, suspension or suspension action that resulted from the prior violation of this section.";

On page 4, in line 26, by striking "individual" and inserting "person";

On page 5, in line 23, by striking "On and after July 1, 2018,";

On page 8, in line 7, before "As" by inserting "(1) Prior to issuing an order pursuant to this section that notifies the division of vehicles to restrict or suspend a person's driving privileges, the court shall consider:

(A) Waiver or reduction of fees, fines and court costs and allowing for payment plans for any fees, fines and court costs; and

(B) alternative requirements in lieu of restriction or suspension of driving privileges, including, but not limited to, alcohol or drug treatment or community service.

(2) Nothing in this subsection shall be construed to require the court to make written findings or written payment plan orders.

(h) (1) Any conviction for a failure to comply pursuant to this section shall not be considered by the district or municipal court or the division of vehicles in determining suspended or restricted driving privileges if such conviction is more than five years old.

(2) After the expiration of five years from the date of conviction, the division shall notify by mail any persons whose driving privileges were suspended or restricted and have not since been restored. The division shall notify the person that the person may be eligible for driving privileges as a result of the expiration of the five years from the conviction for the failure to comply.

(3) The provisions of this subsection shall be construed and applied retroactively. (i)";

And your committee on conference recommends the adoption of this report.

SUSAN HUMPHRIES

BOB LEWIS

DAN OSMAN

*Conferees on part of House*

KELLIE WARREN

RICK WILBORN

ETHAN CORSON

*Conferees on part of Senate*

Senator Wilborn moved the Senate adopt the Conference Committee Report on **SB 500**.

On roll call, the vote was: Yeas 36; Nays 1; Present and Passing 0; Absent or Not Voting 3.

Yeas: Alley, Baumgardner, Billinger, Blasi, Bowers, Claeys, Corson, Dietrich, Doll,

Erickson, Fagg, Faust-Goudeau, Francisco, Gossage, Holland, Holscher, Kerschen, Kloos, Longbine, Masterson, McGinn, O'Shea, Olson, Peck, Petersen, Pettey, Pittman, Pyle, Reddi, Straub, Sykes, Thompson, Tyson, Ware, Warren, Wilborn.

Nays: Steffen.

Absent or Not Voting: Haley, Ryckman, Shallenburger.

The Conference Committee Report was adopted.

### CONFERENCE COMMITTEE REPORT

MR. SPEAKER and MR. PRESIDENT: Your committee on conference on Senate amendments to HB 2097 submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with Senate Committee amendments, as follows:

On page 1, by striking all in lines 7 through 32; following line 32, by inserting:

"New Section 1. Sections 1 through 6, and amendments thereto, shall be known and may be cited as the Kansas film and digital media production development act. The purpose of the Kansas film and digital media production development act is to incentivize film, video or digital media productions in Kansas and facilitate the development and growth of a film, video or digital media production industry and associated businesses supporting the industry in this state.

New Sec. 2. As used in this act:

(a) "Above-the-line personnel" means any individual hired or credited on screen for an eligible production for work on the production or postproduction of film as a:

(1) Principal cast member compensated for the eligible production project at a screen actors guild schedule f or above payment rate; or

(2) producer, screenwriter or director.

(b) "Act" means the Kansas film and digital media production development act.

(c) "Affiliates" means those entities that are included in the production company's affiliated group as defined in section 1504(a) of the internal revenue code, 26 U.S.C. § 1504(a), and all other entities that are 50% or more owned, directly or indirectly, by members of the affiliated group.

(d) "Based in Kansas" or "Kansas-based" means, in reference to a vendor, production company or company, that the vendor, production company or company is subject to income tax liability under the Kansas income tax act and has a physical presence in Kansas and, with respect to a production company, has maintained a physical presence in Kansas for at least six months prior to submitting an application to the secretary pursuant to section 3, and amendments thereto.

(e) "Certified production" or "certified project" means an eligible production that has agreed to one or more qualified Kansas promotions and that has been approved by the secretary of commerce as eligible for tax incentives pursuant to the provisions of section 3, and amendments thereto.

(f) "Crew" means any individual who works on production or postproduction for an eligible production. "Crew" does not include above-the-line personnel.

(g) (1) "Eligible production" or "eligible project" means a production:

(A) (i) Of a new film, video or digital project, or a portion or portions of such project, produced in this state, including a feature film, documentary, series, pilot, movie for television, televised commercial advertisement, music video, video game,

content-based mobile application or a virtual reality, augmented reality, multi-media or new media project;

(ii) produced in whole or in part, in short or in long form, and may include animation, music and green screen, motion capture and similar production techniques;

(iii) fixed on a delivery system including, but not limited to, film format or reels, videotape, computer drive or disc, laser disc or any element of the digital domain, from which the program or completed project is viewed or reproduced; and

(iv) intended for multimarket commercial distribution via theaters, video on demand, direct to DVD, streaming, digital platforms or electronic delivery systems designed for the distribution or playing of interactive games, licensing for exhibition by individual television stations, groups of stations, networks, advertiser-supported sites, cable television stations, streaming companies or public broadcasting stations; and

(B) that incurs or is reasonably anticipated to incur qualified production or postproduction expenses of at least \$50,000, as determined by the secretary.

(2) "Eligible production" or "eligible project" does not include:

(A) The coverage of news or athletic events, local advertising, local interest programming, instructional videos, corporate videos, any project that is not intended for multimarket commercial distribution or any portion of a project not shot, recorded or created in Kansas; and

(B) any production of obscene material or an obscene performance as defined in K.S.A. 2023 Supp. 21-6401, and amendments thereto.

(3) For purposes of the income tax credit as allowed under section 4(f), and amendments thereto, "eligible production" or "eligible project" means the same as defined in paragraphs (1) and (2), except that a production not intended for multimarket commercial distribution may be included and the amount of eligible expenses required shall be at least \$25,000.

(h) "Eligible television series" means a certified series television production project intended for multimarket commercial distribution, with an order for multiple episodes in a single season, not less than 25% of the series season is filmed within Kansas and the production incurs qualifying eligible expenses of more than \$50,000.

(i) "Eligible wages and salaries" means:

(1) (A) Wages or salaries paid by the production company to crew for work in Kansas designated as for production or for postproduction of an eligible production;

(B) for which the production company is required to remit withholding payments to the department of revenue under the Kansas withholding and declaration of estimated tax act; and

(C) at least 10% of the crew are residents of this state. The secretary and the Kansas arts industry director may agree upon a higher percentage requirement; and

(2) the amounts of wages, salaries or payments paid to above-the-line personnel, except that the eligible amount of such wages, salaries or payments shall not comprise more than 25% of qualified production expenditures as defined in subsection (s).

(j) "Film" means a professional single media, multimedia, video or audiovisual program or feature, that may be digital, that is not obscene material or an obscene performance as defined in K.S.A. 2023 Supp. 21-6401, and amendments thereto. "Film" includes, but is not limited to, film produced for an interactive game or a documentary, special, music video, television commercial or television program, or a portion thereof, that is filmed or taped for cable, television, streaming network, national or regional

syndication or for a feature-length motion picture intended for theatrical release or for network, streaming, national or regional syndication or broadcast.

(k) "High-impact production" means a certified production for which production or postproduction expenditures are at least \$50,000,000, and at least  $\frac{1}{3}$  of such total expenditures constitute qualified expenditures approved by the secretary of commerce.

(l) "Kansas film media industry development expenditure" means documented financial, promotional or in-kind contributions or educational or workforce development efforts, at standard rates set by the secretary of commerce in consultation with the Kansas creative arts industries commission, in partnership with related Kansas industry labor organizations or educational institutions, toward the furtherance of the Kansas film or digital media industry. Promotional efforts include, but are not limited to, the promotion of the Kansas industry by directors, actors or producers affiliated with the production company's project through social media that is managed by the state, radio or television interviews facilitated by the department of commerce, enhanced screen credit acknowledgments or related events that are facilitated, conducted or sponsored by the secretary of commerce or the Kansas creative arts industries commission.

(m) "Multi-film deal" means a certified project in which a production company films at least 75% of main crew principal photography for three or more films in this state within five years.

(n) "Nonresident crew member" means an individual who is not a Kansas resident and is hired for work on a an eligible production project within this state.

(o) "Production company" means a person, producer or company that produces film for, including, but not limited to, exhibition in theaters, television, interactive games, cable, syndication or streaming networks. "Production company" includes affiliates of a production company when approved by the secretary and identified in the agreement executed pursuant to section 3, and amendments thereto.

(p) (1) "Postproduction expenditures" means expenditures made in Kansas directly for postproduction activities in Kansas for an eligible production by a production company and includes, but are not limited to, the following categories:

(A) Eligible wages or salaries of above-the-line personnel or crew designated as postproduction;

(B) sound synchronization, recording or mixing;

(C) color grading;

(D) editing and related services;

(E) visual effects or special effects;

(F) computer graphics, special effects or animation services;

(G) film processing or format transfers;

(H) music production, recording, mixing or composition;

(I) licensing of music produced in this state or created by a Kansas resident;

(J) rental of facilities or equipment;

(K) leasing of vehicles, including leasing of airplanes, for postproduction-related transportation and costs of food and lodging; and

(L) other direct postproduction costs of an eligible production in accordance with generally accepted entertainment industry practices.

(2) "Postproduction expenditures" does not include:

(A) Goods, equipment or vehicles not purchased, rented or leased in Kansas from a

Kansas-based vendor and when not used in Kansas;

(B) any expenditures for activities, work or services not conducted in Kansas and not performed by a Kansas-based vendor. A vendor that acts as a conduit to enable purchases, rentals or leases to qualify as "production expenditures" that would not otherwise qualify shall not be considered a Kansas-based vendor with respect to such purchases, rentals or leases; or

(C) costs for footage shot outside this state, marketing, story rights or distribution.

(q) (1) "Production expenditures" means expenditures made in Kansas directly related to or used for production activities in this state for an eligible production by a production company, including, but not limited to, the following categories:

(A) Eligible wages or salaries of above-the-line personnel or crew designated as production;

(B) set construction, maintenance, repair or modification, set furnishings and operations, wardrobe, make-up, materials used to construct costumes, props or scenery, accessories and related services;

(C) scripts, musical scores or storyboards and drafting and design supplies;

(D) photography, sound synchronization, lighting and related services;

(E) editing and related services;

(F) rental of buildings, facilities or equipment and leasing of vehicles, including, but not limited to, leasing of airplanes;

(G) transportation costs, including, but not limited to, leasing of vehicles or airplanes, directly related to production activities in Kansas;

(H) food and lodging;

(I) sound recording or mixing services;

(J) computer graphics, special effects and animation services;

(K) film processing or format transfers;

(L) airfare if purchased through a Kansas travel agency;

(M) insurance costs and bonding if purchased through a Kansas insurance agency; and

(N) other direct costs of producing film in accordance with generally accepted entertainment industry practices.

(2) "Production expenditures" does not include:

(A) Goods, equipment or vehicles not purchased, rented or leased in Kansas from a Kansas-based vendor;

(B) any expenditures for activities, work or services not conducted in Kansas and services not performed at the filming site unless the vendor is a Kansas-based vendor; and

(C) postproduction expenditures as defined in subsection (p) when used for postproduction activities.

(r) "Qualified postproduction expenditures" means the funds actually invested and expended by a production company that are postproduction expenditures made in this state and that are directly used in a certified production, including, but not limited to, any Kansas film media industry development expenditures, and approved by the secretary of commerce. "Qualified postproduction expenditures" shall not exceed the usual and customary cost of the goods or services acquired. The secretary of commerce or the secretary of revenue may determine the value of the goods or services for purposes of this section when the buyer and seller are affiliates, or the sale or purchase

is not an arm's length transaction. "Qualified postproduction expenditures" does not include postproduction expenditures for which another taxpayer claims the production tax credit pursuant to section 4, and amendments thereto.

(s) "Qualified production expenditures" means the funds actually invested and expended by a production company that are production expenditures made in this state and directly used in a certified production, including any Kansas film media industry development expenditures, and approved by the secretary of commerce. "Qualified production expenditures" shall not exceed the usual and customary cost of the goods or services acquired. The secretary of commerce or the secretary of revenue may determine the value of the goods or services for purposes of this act when the buyer and seller are affiliates, or the sale or purchase is not an arm's length transaction. "Qualified production expenditures" does not include production expenditures for which another taxpayer claims the production tax credit pursuant to section 4, and amendments thereto. "Qualified production expenditures" does not include wages, salaries or payment paid to above-the-line personnel that constitute more than 25% of total production expenditures.

(t) "Qualified Kansas promotion" means a promotion of this state, approved by the secretary as to content, distribution, duration and placement within a production, video or interactive game or in associated online or other promotions, that consists of a static or animated logo that promotes Kansas, an embedded Kansas promotion or a Kansas advertisement and that may include a link to a Kansas website.

(u) "Secretary" means the secretary of commerce.

(v) "Vendor" means a business that sells or leases goods or services that are related to standard production industry inventory or services. "Vendor" does not include a personal services business.

New Sec. 3. (a) There is hereby created the Kansas film and digital media industry development program. The purpose of the Kansas film and digital media industry development program is to:

(1) Provide tax incentives, including, but not limited to, an income tax credit and a sales tax exemption, for eligible projects produced in Kansas by production companies that meet the requirements of this act and are approved as certified projects by the secretary of commerce; and

(2) provide tax incentives, support programs or services, including, but not limited to, professional development, infrastructure investments and marketing efforts to develop film and digital media industry-related Kansas businesses.

(b) The program shall be administered by the secretary with the assistance of the Kansas creative arts industries commission. The secretary shall consult with the Kansas creative arts industries commission in administering this act to ensure the best possible use of Kansas resources for promoting and developing film and digital media production and related industry in Kansas. In determining whether to approve a project as a certified project, the secretary shall consider the immediate impact and potential future impact of the project on the development and growth of the Kansas film, video and digital media production industry. The secretary may limit, by category, specified eligible expenditures or total amounts of eligible production or postproduction expenditures that may be approved by the secretary as qualified production or postproduction expenditures. The aggregate total amount of income tax credits under this act shall not exceed \$10,000,000 in a tax year. The secretary shall designate 10% of

such total aggregate amount in each tax year for tax credits for Kansas-based production companies to fulfill the purpose of this act as described in subsection (a)(2).

(c) To be eligible for an income tax credit or a sales tax exemption under this act, a production company shall, prior to the commencement of the project or of principal photography, submit the following to the secretary of commerce in the form and manner and with such documentation and other information as required by the secretary:

(1) An application for approval of the production as an eligible production and for designation as a certified production;

(2) evidence of adequate financing for the project;

(3) evidence of a certificate of general liability insurance with a minimum coverage of \$1,000,000, or a greater amount if required by the secretary, and workers compensation coverage in compliance with Kansas law that shall include coverage of employer liability;

(4) a description of the project, timelines and anticipated completion dates, anticipated eligible expenditures and project activities to be conducted in Kansas, anticipated employment of crew or above-the-line personnel who are Kansas residents or use of Kansas-based vendors and any anticipated construction or contribution of production infrastructure or participation in Kansas film and digital media industry development activities; and

(5) an economic impact statement showing the economic impact from the activities of the project. Such economic impact statement shall indicate the impact on the region of the state in which the project production or production-related activities are conducted and any impact on the state as a whole. The secretary may consider the size of the project when determining the scope and information required.

(d) (1) If the secretary determines that the project is an eligible project and approves the application, the production company shall enter into an agreement with the secretary prior to the commencement of the project on such terms and conditions as the secretary may require. Such terms and conditions shall include, but not be limited to, qualified Kansas promotions to be provided and any limitations the secretary may impose on the amounts of eligible production or postproduction expenditures that may be approved by the secretary as qualified expenditures, whether in total or for specified eligible expenditures or specified eligible expenditure categories.

(2) The production company shall agree to the provision of documentation and information to the secretary or the secretary of revenue on a regular basis as requested by the secretary or secretary of revenue to determine qualified expenditures and compliance with the requirements of this act and rules and regulations adopted by the secretary or the secretary of revenue pursuant to this act. The production company shall agree to the provision of information to the secretary on a regular basis as requested by the secretary regarding the progress of the project and estimated completion date.

(3) The terms and conditions shall include provisions for repayment of income tax credits or sales tax exempted if requirements of this act or rules and regulations are not met, provisions requiring cooperation with any audit conducted pursuant to this act and provisions for submission of information as required for publication on the Kansas economic incentive database and for the secretary's reports to the legislature as provided by section 5, and amendments thereto.

(4) The terms and conditions may also include agreements by the production company for the facilitation of, coordination with or provision of support services for

Kansas businesses and organizations to enable participation in the project or the development of the Kansas film and digital media industry.

(5) If the secretary approves the agreement with the production company, the secretary shall authorize the eligible project as a certified project.

(e) Upon approval by the secretary as an eligible and certified project and the execution of the agreement as provided in subsection (d), the secretary may approve an application by the production company for a sales tax exemption for production or postproduction expenditures pursuant to the provisions of K.S.A. 79-3606(ssss), and amendments thereto, and shall notify the applicant and the secretary of revenue of such approval. In considering approval of such sales tax exemption, the secretary shall prioritize expenditures in rural areas or in economically depressed urban areas to the extent feasible. The secretary may require that all or a portion of expenditures eligible for exemption from sales tax be made with businesses located in such areas, as determined by the secretary. A production company receiving a sales tax exemption shall provide the secretary or the secretary of revenue with such documentation as requested by the secretary or the secretary of revenue to demonstrate that expenditures have been made as required.

(f) Prior to receipt by a production company of any income tax credit authorized by section 4, and amendments thereto, the secretary shall examine and determine the amount of eligible production or eligible postproduction expenditures that are qualified production expenditures or qualified postproduction expenditures of the production company and that such expenditures are for a certified production. No expenditure that was exempt from sales taxation pursuant to K.S.A. 79-3606(ssss), and amendments thereto, shall also be a basis for the income tax credit pursuant to section 4, and amendments thereto, unless specifically approved by the secretary. The production company shall provide such information and documentation as requested by the secretary to make such determination. In addition, the production company shall provide evidence as required by the secretary that:

(1) The production company has filed all Kansas tax returns and tax documents required by law and withholding taxes have been submitted as required by law;

(2) all crew who are Kansas residents and Kansas-based vendors have been paid and that there are no pending liens in this state against the production company; and

(3) the certified project for which a sales tax exemption has been granted or an income tax credit is requested has been completed, or in the discretion of the secretary, a phase of the certified project has been completed and adequate assurance, as determined by the secretary, has been provided that the project will be fully completed.

(g) As a condition of receiving any income tax credits pursuant to this act, the production company shall provide the secretary with a report by a certified public accountant licensed to practice in Kansas, prepared at the expense of the applicant, verifying that the expenditures have been made in compliance with the requirements of this act. The report shall be provided with a claim for income tax credits as required by section 4, and amendments thereto, or as required by the secretary.

(h) The secretary shall notify the production company and the secretary of revenue of determinations of qualified expenditures made by the secretary.

(i) The secretary of commerce and the secretary of revenue may adopt rules and regulations to implement the provisions of this act.

New Sec. 4. (a) For tax years 2024 through 2033, for any production company or

its affiliates that make qualified production or qualified postproduction expenditures for a certified production approved by the secretary of commerce as provided by section 3, and amendments thereto, there shall be allowed an income tax credit against the tax imposed under the Kansas income tax act in the amount as determined pursuant to subsection (d) as limited by subsection (h). The tax credit shall be applied against the production company's income tax liability for the taxable year in which the qualified expenditures are made by the production company. If the amount of the tax credit allowed exceeds the production company's income tax liability for the taxable year, the production company may carry over the amount of the tax credit that exceeds such tax liability for deduction from the production company's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from the production company's tax liability, except that no such tax credit shall be carried over for deduction after the 10<sup>th</sup> taxable year succeeding the year in which the qualified expenditures were made by the production company. If the production company is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability company, the credit shall be claimed by the shareholders of such corporation, the partners of such partnership or members of such limited liability company in the same manner as such shareholders, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability company and in accordance with the agreement executed pursuant to section 3, and amendments thereto. The tax credit may be transferred as provided by subsection (k).

(b) A claim for a tax credit shall be filed with the secretary of revenue as part of a return filed by the production company pursuant to the Kansas income tax act. The order that agreements are executed with the secretary of commerce pursuant to section 3, and amendments thereto, shall determine the order that credit claims are allocated by the secretary of revenue. A claim shall be submitted with a return or amended return within one calendar year of the date of the last eligible production expenditure or the last eligible postproduction expenditure for the certified production that would be eligible for an income tax credit as provided by subsection (a). A request by a production company for an extension of time of up to six months to submit a claim shall be granted by the secretary of revenue. All qualified production expenditures or postproduction expenditures incurred during the taxable year by a production company for a certified production shall be submitted for credit as part of the same income tax return. A tax credit claim for qualified expenditures during a taxable year shall not be divided and submitted with multiple returns or in multiple years.

(c) The claim shall include a copy of the project certification and the determination of qualified production or postproduction expenditures by the secretary of commerce. The claim shall also include a report by a certified public accountant licensed to practice in Kansas, prepared at the expense of the applicant, verifying that the expenditures have been made in compliance with the requirements of this act.

(d) The amount of the tax credit shall be equal to 30% of:

(1) The qualified production expenditures for the certified project; or  
(2) the qualified postproduction expenses for a certified project with no qualified production expenses.

(e) The secretary of commerce may approve additional credits as follows:

(1) In addition to the amount authorized by subsection (d)(1):

(A) Up to 5% of the qualified production expenditures for a certified multi-film deal, a certified eligible television series, a certified high-impact production or contributions to film-related infrastructure or workforce development in Kansas, including, but not limited to, contributions to permanent sets, sound stages, film editing facilities, computer graphics, special effects or animation facilities, educational facilities or programs, internships or apprenticeships or equipment for production activities, in the amount such contributions are approved by the secretary of commerce; or

(B) up to 5% for qualified production expenditures for a production if 50% or more of the crew or above-the-line personnel are Kansas residents; or

(2) in addition to the amount authorized under subsection (d)(1) or (2), up to an additional 5%, as determined by the secretary, of the amount of the qualified production expenditures or qualified postproduction expenditures, as applicable, of a certified project of a production company that has previously received an income tax credit under this act with respect to such certified project.

(f) In addition to or in lieu of the credits authorized by subsection (d), as determined by the secretary, a Kansas-based production company that incurs at least \$25,000 in qualified expenditures, including, but not limited to, expenditures for a certified production not intended for multimarket distribution but that otherwise constitute qualified expenditures and meets all other qualifications for a tax credit under this act shall receive a tax credit in the amount of 25% of such qualified expenditures. The tax credit shall be applied against the Kansas-based production company's income tax liability for the taxable year in which the qualified expenditures are made by the Kansas-based production company. If the amount of the tax credit exceeds the Kansas-based production company's income tax liability, the Kansas-based production company may carry over the amount of the tax credit that exceeds such tax liability for deduction from the Kansas-based production company's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from the Kansas-based production company's tax liability, except that no such tax credit shall be carried over for deduction after the 10<sup>th</sup> taxable year succeeding the year in which the qualified expenditures were made by the Kansas-based production company. If the Kansas-based production company is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability company, the credit shall be claimed by the shareholders of such corporation, the partners of such partnership or members of such limited liability company in the same manner as such shareholders, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability company and in accordance with the agreement executed pursuant to section 3, and amendments thereto. The tax credit may be transferred as provided by subsection (k).

(g) Notwithstanding any other provision of this act, the tax credit amount based on a production or postproduction expenditure for a single individual who meets the definition of individuals who are above-the-line, nonresident personnel shall be limited to not more than \$500,000 in each taxable year.

(h) The maximum cumulative amount of all income tax credits awarded to a production company for a certified project for a taxable year shall not exceed 40% of the total qualified production expenditures or qualified postproduction expenditures made by the production company for that certified project during that taxable year.

(i) For purposes of determining the payment of credit claims pursuant to this section, the secretary of revenue may require that credit claims of affiliates be combined into one claim if necessary to accurately reflect closely integrated activities of affiliates.

(j) If a production company hires another production company to produce a project or contribute elements of a project for pay, the hired company shall be considered a service provider for the hiring company, and the hiring company shall be entitled to the income tax credit authorized by this section.

(k) The tax credit allowed pursuant to this section may be transferred, in whole or in part, by the production company or, as provided by subsection (a), a shareholder, partner or member, to one or more transferees. The transferor shall provide notification and documentation of the transfer or transfers with its claim for a tax credit pursuant to subsection (b) filed with the secretary of revenue in such form and manner as may be required by the secretary of revenue, including all information requested by the secretary of revenue regarding the transferee. The transferor shall make the transfer within the calendar year in which the transferor's claim is made to the secretary of revenue. The credit shall only be transferred once. The transferor may transfer the credit to any individual or entity subject to income tax under the Kansas income tax act. The transferred credit shall be claimed by the transferee against the transferee's Kansas income tax liability in the taxable year the credit was transferred. The amount of the transferred credit that exceeds the transferee's tax liability for such year may be carried over for deduction from the transferee's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from the transferee's tax liability, except that no such tax credit shall be carried over for deduction after the 10<sup>th</sup> taxable year succeeding the taxable year in which the credit was transferred to the transferee. The transferor or transferee shall provide such documentation of the transfer to the secretary of revenue as may be required by the secretary and at such time as may be required by the secretary.

(l) The aggregate total amount of credits allowed under this section shall not exceed \$10,000,000 in a tax year. Ten percent of such aggregate total in each tax year shall be designated for tax credits to Kansas-based production companies.

New Sec. 5. On or before January 31, 2025, and each January 31 thereafter through January 31, 2034, the secretary of commerce shall submit an annual report to the house of representatives standing committees on commerce, labor and economic development and taxation and the senate standing committees on commerce and assessment and taxation. The report shall include the amounts and recipients of tax incentives approved by the secretary pursuant to this act for the prior year and to the date of the report, anticipated tax incentive amounts for the current year, the production companies that have applied for and that have been certified for projects, a description of ongoing and completed projects and the impact of such projects and the program on the film, video or digital production industry in Kansas. The secretary of revenue shall provide the secretary of commerce with information as necessary for the report in accordance with the terms of the agreements required by section 3, and amendments thereto.

New Sec. 6. No sales tax exemption or income tax credit pursuant to this act shall apply or be awarded for expenditures made on or after January 1, 2034.

New Sec. 7. As used in sections 7 through 9, and amendments thereto:

(a) "Compensation" means payments in the form of contract labor for which the payor is required to provide a federal tax form 1099 to the person paid, wages subject to

withholding tax paid to a part-time employee or full-time employee, or salary or other remuneration. "Compensation" does not include employer-provided retirement, medical or healthcare benefits, reimbursement for travel, meals, lodging or any other expense.

(b) "Qualified employee" means any person employed by a qualified employer who is a resident of Kansas and who is also a member in good standing of the Kansas army or air national guard at some point during the taxable year.

(c) "Qualified employer" means a sole proprietorship, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity or public entity.

New Sec. 8. (a) For taxable years beginning after December 31, 2024, and ending prior to January 1, 2030, a taxpayer who is a qualified employer shall be allowed a credit against the income, privilege or premium tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, for the total compensation paid during the taxable year to a qualified employee. Except as otherwise provided, the credit shall be in an amount equal to 10% of the compensation paid.

(b) The credit shall not exceed \$1,000 annually for each qualified employee.

(c) The credit shall be applied against the taxpayer's income, privilege or premium tax liability after all other credits allowed under the Kansas income tax act, the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto. The credit shall not be refundable and may not be carried forward.

New Sec. 9. For taxable years beginning after December 31, 2024, and ending prior to January 1, 2030, a taxpayer who is a qualified employee during the taxable year shall be allowed a credit against the tax imposed under the provisions of the Kansas income tax act. The credit shall be deducted from the taxpayer's income tax liability for the taxable year in which the taxpayer is a qualified employee. The credit shall not be refundable and may not be carried forward. The credit shall be 10% of the amount of prorated compensation earned by the qualified employee from any qualified employer during the taxable year. The compensation shall be prorated based on the number of entire months that the qualified employee is a member in good standing of the Kansas army or air national guard during the taxable year, determined on the basis of the date of separation from the Kansas army or air national guard. If the qualified employee is dishonorably discharged, discharged under other than honorable conditions or discharged for bad conduct from the Kansas army or air national guard, no credit shall be allowed. The maximum amount of the credit allowed to a qualified employee each taxable year shall be \$1,000.

New Sec. 10. The Kansas army and air national guard shall send to all members by February 1 of every year a notice as described in this section for any members that were members of the Kansas army or air national guard for the prior tax year. Such notice shall be sent by electronic mail to the member and shall state that the recipient, as a member of the Kansas army or air national guard, may be eligible for the income tax

credit provided by section 9, and amendments thereto, as a result of the individual's service in the Kansas army or air national guard.

Sec. 11. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as follows: 79-3606. The following shall be exempt from the tax imposed by this act:

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

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

(c) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly by a public or private elementary or secondary school or public or private nonprofit educational institution and used primarily by such school or institution for nonsectarian programs and activities provided or sponsored by such school or institution or in the erection, repair or enlargement of buildings to be used for such purposes. The exemption herein provided shall not apply to erection, construction, repair, enlargement or equipment of buildings used primarily for human habitation, except that such exemption shall apply to the erection, construction, repair, enlargement or equipment of buildings used for human habitation by the cerebral palsy research foundation of Kansas located in Wichita, Kansas, and multi community diversified services, incorporated, located in McPherson, Kansas;

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

such hospital or public hospital authority, school, educational institution or a state correctional institution; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or district described in subsection (s), the total cost of which is paid from funds of such political subdivision or district and that would be exempt from taxation under the provisions of this act if purchased directly by such political subdivision or district. Nothing in this subsection or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or any such district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a political subdivision" shall mean general tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the purpose of constructing, equipping, reconstructing, repairing, enlarging, furnishing or remodeling facilities that are to be leased to the donor. When any political subdivision of the state, district described in subsection (s), public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school, public or private nonprofit educational institution, state correctional institution including a privately constructed correctional institution contracted for state use and ownership shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the political subdivision, district described in subsection (s), hospital or public hospital authority, school, educational institution or department of corrections concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may apply to the secretary of revenue for agent status for the sole purpose of issuing and furnishing project exemption certificates to contractors pursuant to rules and regulations adopted by the secretary establishing conditions and standards for the granting and maintaining of such status. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the political subdivision, district described in subsection (s), hospital or public hospital authority, school, educational institution or the contractor contracting with the department of corrections for a correctional institution concerned shall be liable for tax on all materials purchased for the project, and upon payment

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

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

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

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

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

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

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

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

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

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

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

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

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

(q) all sales of insulin dispensed by a person licensed by the state board of pharmacy to a person for treatment of diabetes at the direction of a person licensed to

practice medicine by the state board of healing arts;

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

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

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

a nursery;

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

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

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

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

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

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

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

(bb) all sales of used mobile homes or manufactured homes. As used in this subsection: (1) "Mobile homes" and "manufactured homes" mean the same as defined in K.S.A. 58-4202, and amendments thereto; and (2) "sales of used mobile homes or manufactured homes" means sales other than the original retail sale thereof;

(cc) all sales of tangible personal property or services purchased prior to January 1, 2012, except as otherwise provided, for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business or retail business that

meets the requirements established in K.S.A. 74-50,115, and amendments thereto, and the sale and installation of machinery and equipment purchased for installation at any such business or retail business, and all sales of tangible personal property or services purchased on or after January 1, 2012, for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business that meets the requirements established in K.S.A. 74-50,115(e), and amendments thereto, and the sale and installation of machinery and equipment purchased for installation at any such business. When a person shall contract for the construction, reconstruction, enlargement or remodeling of any such business or retail business, such person shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the owner of the business or retail business a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. As used in this subsection, "business" and "retail business" mean the same as defined in K.S.A. 74-50,114, and amendments thereto. Project exemption certificates that have been previously issued under this subsection by the department of revenue pursuant to K.S.A. 74-50,115, and amendments thereto, but not including K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012, and have not expired will be effective for the term of the project or two years from the effective date of the certificate, whichever occurs earlier. Project exemption certificates that are submitted to the department of revenue prior to January 1, 2012, and are found to qualify will be issued a project exemption certificate that will be effective for a two-year period or for the term of the project, whichever occurs earlier;

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

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

(ff) on and after July 1, 1988, all sales of new mobile homes or manufactured homes to the extent of 40% of the gross receipts, determined without regard to any trade-in allowance, received from such sale. As used in this subsection, "mobile homes" and "manufactured homes" mean the same as defined in K.S.A. 58-4202, and amendments thereto;

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

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

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

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

(jj) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based facility for people with intellectual disability or mental health center organized pursuant to K.S.A. 19-4001 et seq., and amendments thereto, and licensed in accordance with the provisions of K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible personal property or services purchased by contractors during the time period from July, 2003, through June, 2006, for the purpose of constructing, equipping, maintaining or furnishing a new facility for a community-based facility for people with intellectual disability or mental health center located in Riverton, Cherokee County, Kansas, that would have been eligible for sales tax exemption pursuant to this subsection if purchased directly by such facility or center. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

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

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

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

(2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) The following machinery, equipment and materials shall be deemed to be exempt even though it may not otherwise qualify as machinery and equipment used as an integral or essential part of an integrated production operation: (A) Computers and related peripheral equipment that are utilized by a manufacturing or processing business for engineering of the finished product or for research and development or product design; (B) machinery and equipment that is utilized by a manufacturing or processing business to manufacture or rebuild tangible personal property that is used in manufacturing or processing operations, including tools, dies, molds, forms and other parts of qualifying machinery and equipment; (C) portable plants for aggregate concrete, bulk cement and asphalt including cement mixing drums to be attached to a motor vehicle; (D) industrial fixtures, devices, support facilities and special foundations

necessary for manufacturing and production operations, and materials and other tangible personal property sold for the purpose of fabricating such fixtures, devices, facilities and foundations. An exemption certificate for such purchases shall be signed by the manufacturer or processor. If the fabricator purchases such material, the fabricator shall also sign the exemption certificate; (E) a manufacturing or processing business' laboratory equipment that is not located at the plant or facility, but that would otherwise qualify for exemption under subsection (3)(E); (F) all machinery and equipment used in surface mining activities as described in K.S.A. 49-601 et seq., and amendments thereto, beginning from the time a reclamation plan is filed to the acceptance of the completed final site reclamation.

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

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

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

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

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

(E) furniture and other furnishings;

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

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

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

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

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

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

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

(II) all sales of educational materials purchased for distribution to the public at no charge by a nonprofit corporation organized for the purpose of encouraging, fostering

and conducting programs for the improvement of public health, except that for taxable years commencing after December 31, 2013, this subsection shall not apply to any sales of such materials purchased by a nonprofit corporation which performs any abortion, as defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(16) the lyme association of greater Kansas City, Inc., for the purpose of providing

support to persons with lyme disease and public education relating to the prevention, treatment and cure of lyme disease;

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

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

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

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

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

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

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

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

(25) the friends of cedar crest association for the purpose of providing preservation, restoration and enhancement of cedar crest and to encourage awareness of and contribution to the historic and cultural importance of cedar crest;

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

(xx) all sales of tangible personal property and services purchased by a nonprofit zoo that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, or on behalf of such zoo by an entity itself exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986 contracted with to operate such zoo and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo that would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit zoo or the entity operating such zoo. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo. When any nonprofit zoo shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers

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

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

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

(aaa) all sales of tangible personal property and services purchased by a religious organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and used exclusively for religious purposes, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute

invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after July 1, 1998, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

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

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

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

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

(fff) all sales of material handling equipment, racking systems and other related machinery and equipment that is used for the handling, movement or storage of tangible personal property in a warehouse or distribution facility in this state; all sales of installation, repair and maintenance services performed on such machinery and equipment; and all sales of repair and replacement parts for such machinery and equipment. For purposes of this subsection, a warehouse or distribution facility means a

single, fixed location that consists of buildings or structures in a contiguous area where storage or distribution operations are conducted that are separate and apart from the business' retail operations, if any, and that do not otherwise qualify for exemption as occurring at a manufacturing or processing plant or facility. Material handling and storage equipment shall include aeration, dust control, cleaning, handling and other such equipment that is used in a public grain warehouse or other commercial grain storage facility, whether used for grain handling, grain storage, grain refining or processing, or other grain treatment operation;

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

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

(iii) all sales of personal property and services purchased by an organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and such personal property and services are used by any such organization in the collection, storage and distribution of food products to nonprofit organizations that distribute such food products to persons pursuant to a food distribution program on a charitable basis without fee or charge, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities used for the collection and storage of such food products for any such organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in

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

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

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

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

(nnn) all sales of tangible personal property and services purchased by the west Sedgwick county-sunrise rotary club and sunrise charitable fund for the purpose of constructing a boundless playground which is an integrated, barrier free and

developmentally advantageous play environment for children of all abilities and disabilities;

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

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

(qqq) all sales of tangible personal property and services purchased by TLC for children and families, inc., hereinafter referred to as TLC, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and such property and services are used for the purpose of providing emergency shelter and treatment for abused and neglected children as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of TLC for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for TLC for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by TLC. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC. When TLC contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to TLC a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, TLC shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax

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

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

(sss) all sales of tangible personal property and services purchased by catholic charities or youthville, hereinafter referred to as charitable family providers, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing emergency shelter and treatment for abused and neglected children as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of charitable family providers for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for charitable family providers for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by charitable family providers. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for charitable family providers. When charitable family providers contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to charitable family providers a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, charitable family providers shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without

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

(ttt) all sales of tangible personal property or services purchased by a contractor for a project for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit museum that has been granted an exemption pursuant to subsection (qq), which such home or facility is located in a city that has been designated as a qualified hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and amendments thereto, and which such project is related to the purposes of K.S.A. 75-5071 et seq., and amendments thereto, and that would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit museum. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility for any such nonprofit museum. When any such nonprofit museum shall contract for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such nonprofit museum a sworn statement on a form to be provided by the director of taxation that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in a home or facility or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such nonprofit museum shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

property by or on behalf of KCSL for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for KCSL for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by KCSL. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for KCSL. When KCSL contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to KCSL a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, KCSL shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

(xxx) all sales of personal property and services purchased by the booth theatre foundation, inc., an organization, which is exempt from federal income taxation

pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such personal property and services are used by any such organization in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling of the booth theatre, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling the booth theatre for such organization, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after January 1, 2007, but prior to the effective date of this act upon the gross receipts received from any sale which would have been exempted by the provisions of this subsection had such sale occurred after the effective date of this act shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

(yyy) all sales of tangible personal property and services purchased by TLC

charities foundation, inc., hereinafter referred to as TLC charities, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of encouraging private philanthropy to further the vision, values, and goals of TLC for children and families, inc.; and all sales of such property and services by or on behalf of TLC charities for any such purpose and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for TLC charities for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by TLC charities. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC charities. When TLC charities contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to TLC charities a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be incorporated into the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, TLC charities shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

property by or on behalf of any such organization for any such purpose;

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

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

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

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

(ffff) all sales of tangible personal property and services purchased by sheltered living, inc., which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing residential and day services for people with developmental disabilities or intellectual disability, or both, and all sales of any such property by or on behalf of sheltered living, inc., for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of rehabilitating, constructing, maintaining, repairing, enlarging, furnishing or remodeling homes and facilities for sheltered living, inc., for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by sheltered living, inc. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such homes and facilities for sheltered living, inc. When sheltered living, inc., contracts for the purpose of rehabilitating, constructing, maintaining, repairing, enlarging, furnishing or remodeling such homes and facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to sheltered living, inc., a sworn statement, on a form to be provided by the director of taxation, that all purchases so

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

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

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

(iiii) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for Wichita children's home for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by Wichita children's home. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used

in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for Wichita children's home. When Wichita children's home contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to Wichita children's home a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, Wichita children's home shall be liable for the tax on all materials purchased for the project, and upon payment, it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

(llll) all sales of tangible personal property and services purchased by Gove county healthcare endowment foundation, inc., which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of constructing and equipping an airport in Quinter, Kansas, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing and equipping an airport in Quinter, Kansas, for such organization, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing or equipping of facilities for such

organization. When such organization shall contract for the purpose of constructing or equipping an airport in Quinter, Kansas, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation no later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. The provisions of this subsection shall expire and have no effect on and after July 1, 2019;

(mmmm) all sales of gold or silver coins; and palladium, platinum, gold or silver bullion. For the purposes of this subsection, "bullion" means bars, ingots or commemorative medallions of gold, silver, platinum, palladium, or a combination thereof, for which the value of the metal depends on its content and not the form;

(nnnn) all sales of tangible personal property or services purchased by friends of hospice of Jefferson county, an organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for the purpose of providing support to the Jefferson county hospice agency in end-of-life care of Jefferson county families, friends and neighbors, and all sales of entry or participation fees, charges or tickets by friends of hospice of Jefferson county for such organization's fundraising event for such purpose;

(oooo) all sales of tangible personal property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a qualified business facility by a qualified firm or qualified supplier that meets the requirements established in K.S.A. 2023 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has been approved for a project exemption certificate by the secretary of commerce, and the sale and installation of machinery and equipment purchased by such qualified firm or qualified supplier for installation at any such qualified business facility. When a person shall contract for the construction, reconstruction, enlargement or remodeling of any such qualified business facility, such person shall obtain from the state and furnish to the contractor an exemption certificate

for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to the owner of the qualified firm or qualified supplier a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. As used in this subsection, "qualified business facility," "qualified firm" and "qualified supplier" mean the same as defined in K.S.A. 2023 Supp. 74-50,311, and amendments thereto;

(pppp) (1) all sales of tangible personal property or services purchased by a not-for-profit corporation that is designated as an area agency on aging by the secretary for aging and disabilities services and is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code for the purpose of coordinating and providing seniors and those living with disabilities with services that promote person-centered care, including home-delivered meals, congregate meal settings, long-term case management, transportation, information, assistance and other preventative and intervention services to help service recipients remain in their homes and communities or for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for such area agency on aging; and

(2) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for an area agency on aging that would be exempt from taxation under the provisions of this section if purchased directly by such area agency on aging. Nothing in this paragraph shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for an area agency on aging. When an area agency on aging contracts for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and such contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such area agency on aging a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are

found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20<sup>th</sup> day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the area agency on aging concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof, the area agency on aging may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto; ~~and~~

(qqqq) all sales of tangible personal property or services purchased by Kansas suicide prevention HQ, inc., an organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for the purpose of bringing suicide prevention training and awareness to communities across the state;

(rrrr) all sales of tangible personal property purchased by the following not-for-profit corporations that are exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986 and operate a theater in the state of Kansas:

- (1) theater Atchison, inc.;
- (2) theater Lawrence, inc.;
- (3) Topeka civic theater and academy inc.;
- (4) great plains theater, inc.;
- (5) Salina community theater association; and
- (6) music theater Wichita, inc.; and

(ssss) all sales of tangible personal property or services constituting production or postproduction expenditures purchased for the purpose of a certified project by a production company that meets the requirements established in section 3, and amendments thereto, and that has been approved for a project exemption certificate by the secretary of commerce and the sale and installation of machinery and equipment constituting production or postproduction expenditures purchased by such production company for use in this state for a certified project. Such sales tax exemptions may be limited by the secretary of commerce as provided by section 3, and amendments thereto. When a production company contracts for construction, reconstruction, enlargement or remodeling of any facility for purposes of a certified project that constitutes a production or postproduction expenditure, the production company shall obtain from the state and furnish to the contractor an exemption certificate for the certified project, and the contractor may purchase materials, machinery and equipment for incorporation in such work. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering such purchases bearing the number of such certificate. Upon completion of the work, the contractor shall furnish to the owner of the

production company a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection and section 3, and amendments thereto. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof who uses or otherwise disposes of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. As used in this subsection, "certified project," "postproduction expenditure," "production company" and "production expenditure" mean the same as defined in section 2, and amendments thereto."

Also on page 1, in line 33, by striking "40-247" and inserting "2023 Supp. 79-3606"; in line 35, by striking "Kansas register" and inserting "statute book";

And by renumbering sections accordingly;

Also on page 1, in the title, in line 1, by striking all after "concerning"; by striking all in line 2; in line 3, by striking all before the semicolon and inserting "taxation; enacting the Kansas film and digital media production development act; establishing an income tax credit and sales tax exemption program to be administered by the secretary of commerce for the purpose of developing film, video or digital production in Kansas; relating to income, privilege and premium tax credits; establishing a tax credit for employers that employ members of the Kansas army and air national guard and establishing an income tax credit for employees who are members thereof; requiring notices to be sent to inform such members of possible eligibility for the tax credit; relating to sales tax; providing a sales tax exemption for purchases by certain not-for-profit community theaters and purchases and sales made by the friends of cedar crest association"; in line 4, by striking "40-247" and inserting "2023 Supp. 79-3606";

And your committee on conference recommends the adoption of this report.

VIRGIL PECK  
JR CLAEYS  
TOM HOLLAND

*Conferees on part of Senate*

ADAM SMITH  
BRIAN BERGKAMP  
TOM SAWYER

*Conferees on part of House*

Senator Claeys moved the Senate adopt the Conference Committee Report on **HB 2097**.

On roll call, the vote was: Yeas 32; Nays 5; Present and Passing 0; Absent or Not Voting 3.

Yeas: Alley, Baumgardner, Billinger, Blasi, Bowers, Claeys, Corson, Dietrich, Doll, Erickson, Fagg, Faust-Goudeau, Francisco, Gossage, Holland, Holscher, Kerschen, Kloos, Longbine, Masterson, McGinn, O'Shea, Olson, Petersen, Pettey, Pittman, Pyle, Reddi, Sykes, Ware, Warren, Wilborn.

Nays: Peck, Steffen, Straub, Thompson, Tyson.

Absent or Not Voting: Haley, Ryckman, Shallenburger.

The Conference Committee Report was adopted.

### CONFERENCE COMMITTEE REPORTS

MR. SPEAKER and MR. PRESIDENT: Your committee on conference on Senate amendments to **HB 2784** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with Senate Committee amendments, as follows:

On page 1, following line 10, by inserting:

"New Section 1. (a) The state fire marshal and any of the marshal's representatives shall not wear or operate a body camera or other audio or video recording device during an on-site inspection of a licensed care facility or community-based locations where individuals with intellectual and developmental disabilities receive individually planned habilitation services as provided in K.S.A. 39-1804, and amendments thereto.

(b) As used in this section:

(1) "Body camera" means the same as defined in K.S.A. 45-254, and amendments thereto; and

(2) "licensed care facility" includes a child care facility as defined in K.S.A. 65-503, and amendments thereto, a qualified residential treatment program as defined in K.S.A. 38-2202, and amendments thereto, a psychiatric residential treatment facility as defined in K.S.A. 39-2002, and amendments thereto, a secure facility as defined in K.S.A. 38-2202, and amendments thereto, a shelter facility as defined in K.S.A. 38-2202, and amendments thereto, a youth residential facility as defined in K.S.A. 38-2202, and amendments thereto, an adult care home as defined in K.S.A. 39-923, and amendments thereto, and a medical care facility as defined in K.S.A. 65-425, and amendments thereto, except that "licensed care facility" includes a hospice that is certified to participate in the medicare program under 42 C.F.R. § 418.1 et seq.;"

On page 10, following line 11, by inserting:

"Sec. 4. K.S.A. 39-2004 is hereby amended to read as follows: 39-2004. (a) The secretary may adopt rules and regulations necessary to carry out the provisions of this act. Such rules and regulations may prescribe minimum standards and requirements relating to: The location, building, size of centers, facilities and hospitals; environmental standards; capacity; the individuals allowed; the types of services offered; the records to be kept; medication management; policies and procedures specific to centers, facilities, hospitals and providers; the kind and frequency of reports and inventories to be made; and may generally establish such requirements as may be deemed necessary to protect the health, safety, hygiene, welfare and comfort of the individuals.

(b) The authority granted to the secretary under this act is in addition to other statutory authority the secretary has to require the licensing and operation of centers, facilities, hospitals and providers and is not to be construed to limit any of the powers and duties of the secretary under article 59 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto.

(c) Notwithstanding any other provision of law to the contrary, the secretary may waive a requirement of the rules and regulations adopted under this act if the secretary finds that the waiver of the regulatory requirement is in the public interest and will not detrimentally affect the life, safety, health or welfare of any person receiving care or

treatment in a center, facility or hospital licensed under this act or an individual receiving services from a provider licensed under this act.

Sec. 5. K.S.A. 39-2009 is hereby amended to read as follows: 39-2009. (a) As used in this section:

(1) "Applicant" means an individual who applies for employment with a center, facility, hospital or a provider of services or applies to work for an employment agency or as an independent contractor that provides staff to a center, facility, hospital or a provider of services.

(2) "Completion of the sentence" means the last day of the entire term of incarceration imposed by a sentence, including any term that is deferred, suspended or subject to parole, probation, diversion, community corrections, fines, fees, restitution or any other imposed sentencing requirements.

(3) "Department" means the Kansas department for aging and disability services.

(4) "Direct access" means work that involves an actual or reasonable expectation of one-on-one interaction with a consumer or a consumer's property, personally identifiable information, medical records, treatment information or financial information.

(5) "Direct supervision" means that a supervisor is physically present within an immediate distance to a supervisee and is available to provide constant direction, feedback and assistance to a client and the supervisee.

(6) "Employment agency" means an organization or entity that has a contracted relationship with a center, hospital, facility or provider of services to provide staff with direct access to consumers.

(7) "Independent contractor" means an organization, entity, agency or individual that provides contracted workers or services to a center, facility, hospital or provider of services.

(8) "Day service provider" means a provider of day support services for development in self-help, social skills, recreational skills and work skills for adults with intellectual or developmental disabilities that is licensed by the department or a separate and distinct dedicated division of a provider of day support services for development in self-help, social skills, recreational skills and work skills for adults with intellectual or developmental disabilities licensed by the department.

(b) (1) No licensee shall knowingly operate a center, facility, hospital or be a provider of services if any person who works in the center, facility, hospital or for a provider of services has adverse findings on any state or national registry, as defined in rules and regulations adopted by the secretary for aging and disability services, or has been convicted of or has been adjudicated a juvenile offender because of having ~~committing~~ committed an act ~~that which~~, if ~~done~~ committed by an adult, would constitute the commission of capital murder, pursuant to K.S.A. 21-3439, prior to its repeal, or K.S.A. 21-5401, and amendments thereto, first degree murder, pursuant to K.S.A. 21-3401, prior to its repeal, or K.S.A. 21-5402, and amendments thereto, second degree murder, pursuant to K.S.A. 21-3402(a), prior to its repeal, or K.S.A. 21-5403(a), and amendments thereto, voluntary manslaughter, pursuant to K.S.A. 21-3403, prior to its repeal, or K.S.A. 21-5404, and amendments thereto, assisting suicide, pursuant to K.S.A. 21-3406, prior to its repeal, or K.S.A. 21-5407, and amendments thereto, mistreatment of a dependent adult or mistreatment of an elder person, pursuant to K.S.A. 21-3437, prior to its repeal, or K.S.A. 21-5417, and amendments thereto, human

trafficking, pursuant to K.S.A. 21-3446, prior to its repeal, or K.S.A. 21-5426(a), and amendments thereto, aggravated human trafficking, pursuant to K.S.A. 21-3447, prior to its repeal, or K.S.A. 21-5426(b), and amendments thereto, rape, pursuant to K.S.A. 21-3502, prior to its repeal, or K.S.A. 21-5503, and amendments thereto, indecent liberties with a child, pursuant to K.S.A. 21-3503, prior to its repeal, or K.S.A. 21-5506(a), and amendments thereto, aggravated indecent liberties with a child, pursuant to K.S.A. 21-3504, prior to its repeal, or K.S.A. 21-5506(b), and amendments thereto, aggravated criminal sodomy, pursuant to K.S.A. 21-3506, prior to its repeal, or K.S.A. 21-5504(b), and amendments thereto, indecent solicitation of a child, pursuant to K.S.A. 21-3510, prior to its repeal, or K.S.A. 21-5508(a), and amendments thereto, aggravated indecent solicitation of a child, pursuant to K.S.A. 21-3511, prior to its repeal, or K.S.A. 21-5508(b), and amendments thereto, sexual exploitation of a child, pursuant to K.S.A. 21-3516, prior to its repeal, or K.S.A. 21-5510, and amendments thereto, sexual battery, pursuant to K.S.A. 21-3517, prior to its repeal, or K.S.A. 21-5505(a), and amendments thereto, aggravated sexual battery, pursuant to K.S.A. 21-3518, prior to its repeal, or K.S.A. 21-5505(b), and amendments thereto, commercial sexual exploitation of a child, pursuant to K.S.A. 21-6422, and amendments thereto, an attempt to commit any of the crimes listed in this paragraph, pursuant to K.S.A. 21-3301, prior to its repeal, or K.S.A. 21-5301, and amendments thereto, a conspiracy to commit any of the crimes listed in this paragraph, pursuant to K.S.A. 21-3302, prior to its repeal, or K.S.A. 21-5302, and amendments thereto, or criminal solicitation of any of the crimes listed in this paragraph, pursuant to K.S.A. 21-3303, prior to its repeal, or K.S.A. 21-5303, and amendments thereto, or similar statutes of other states or the federal government.

(2)(A) A licensee operating a center, facility or hospital or as a provider of services may employ an applicant who has been convicted of any of the following if six or more years have elapsed since completion of the sentence imposed or the applicant was discharged from probation, a community correctional services program, parole, postrelease supervision, conditional release or a suspended sentence; if six or more years have elapsed since a community correctional services program, parole, postrelease supervision, conditional release or a suspended sentence; or if the applicant has been granted a waiver of such six-year disqualification: A felony conviction for a crime that is described in: ~~(A)(i)~~ Article 34 of chapter 21 of the Kansas Statutes Annotated, prior to their repeal, or article 54 of chapter 21 of the Kansas Statutes Annotated, and amendments thereto, except those crimes listed in paragraph (1); ~~(B)(ii)~~ article 35 or 36 of chapter 21 of the Kansas Statutes Annotated, and amendments thereto, prior to their repeal, or article 55 or 56 of chapter 21 of the Kansas Statutes Annotated and amendments thereto, except those crimes listed in paragraph (1); ~~(C)(iii)~~ K.S.A. 21-3701, prior to its repeal, or K.S.A. 21-5801, and amendments thereto; ~~(D)(iv)~~ an attempt to commit any of the crimes listed in this paragraph pursuant to K.S.A. 21-3301, prior to its repeal, or K.S.A. 21-5301, and amendments thereto; ~~(E)(v)~~ a conspiracy to commit any of the crimes listed in this paragraph pursuant to K.S.A. 21-3302, prior to its repeal, or K.S.A. 21-5302, and amendments thereto; ~~(F)(vi)~~ criminal solicitation of any of the crimes listed in this paragraph pursuant to K.S.A. 21-3303, prior to its repeal, or K.S.A. 21-5303, and amendments thereto; or ~~(G)(vii)~~ similar statutes of other states or the federal government.

(B) An individual who has been disqualified for employment due to conviction or

adjudication of an offense listed in this paragraph~~(2)~~ may apply to the secretary for aging and disability services for a waiver of such disqualification if five years have elapsed since completion of the sentence for such conviction. The secretary shall adopt rules and regulations establishing the waiver process and the criteria to be utilized by the secretary in evaluating any such waiver request.

(3)~~(A)~~ A licensee operating a center, facility, hospital or as a provider of services may employ an applicant who has been convicted of any of the following if six or more years have elapsed since completion of the sentence imposed or the applicant was discharged from probation, a community correctional services program, parole, postrelease supervision, conditional release or a suspended sentence; if six or more years have elapsed since the applicant has been finally discharged from the custody of the ~~commissioner of juvenile justice~~ secretary of corrections or from probation or has been adjudicated a juvenile offender, whichever time is longer; or if the applicant has been granted a waiver of such six-year disqualification:

(i) Interference with custody of a committed person pursuant to K.S.A. 21-3423, prior to its repeal, or K.S.A. 21-5410, and amendments thereto; mistreatment of a confined person pursuant to K.S.A. 21-3425, prior to its repeal, or K.S.A. 21-5416, and amendments thereto; unlawful administration of a substance pursuant to K.S.A. 21-3445, prior to its repeal, or K.S.A. 21-5425, and amendments thereto; violation of a protective order pursuant to K.S.A. 21-3843, prior to its repeal, or K.S.A. 21-5924; promoting obscenity or promoting obscenity to minors pursuant to K.S.A. 21-4301 or 21-4301a, prior to their repeal, or K.S.A. 21-6401, and amendments thereto; or cruelty to animals pursuant to K.S.A. 21-3727, 21-4310 or 21-4311, prior to their repeal, or K.S.A. 21-6412, and amendments thereto; or

(ii) any felony conviction of: Unlawful manufacture of a controlled substance pursuant to K.S.A. 2010 Supp. 21-36a03, prior to its repeal, or K.S.A. 21-5703, and amendments thereto; unlawful cultivation or distribution of a controlled substance pursuant to K.S.A. 2010 Supp. 21-36a05, prior to its repeal, or K.S.A. 21-5705, and amendments thereto; unlawful manufacture, distribution, cultivation or possession of a controlled substance using a communication facility pursuant to K.S.A. 2010 Supp. 21-36a07, prior to its repeal, or K.S.A. 21-5707, and amendments thereto; unlawful obtainment or sale of a prescription-only drug pursuant to K.S.A. 2010 Supp. 21-36a08, prior to its repeal, or K.S.A. 21-5708, and amendments thereto; unlawful distribution of drug precursors or drug paraphernalia pursuant to K.S.A. 2010 Supp. 21-36a10, prior to its repeal, or K.S.A. 21-5710, and amendments thereto; unlawful distribution or possession of a simulated controlled substance pursuant to K.S.A. 2010 Supp. 21-36a13, prior to its repeal, or K.S.A. 21-5713, and amendments thereto; forgery pursuant to K.S.A. 21-3710, prior to its repeal, or K.S.A. 21-5823, and amendments thereto; criminal use of a financial card pursuant to K.S.A. 21-3729, prior to its repeal, or K.S.A. 21-5828, and amendments thereto; any violation of the Kansas medicaid fraud control act pursuant to K.S.A. 21-3844 et seq., prior to their repeal, or K.S.A. 21-5925 et seq., and amendments thereto; making a false claim, statement or representation to the medicaid program pursuant to K.S.A. 21-3846, prior to its repeal, or K.S.A. 21-5927, and amendments thereto; unlawful acts relating to the medicaid program pursuant to K.S.A. 21-3847, prior to its repeal, or K.S.A. 21-5928, and amendments thereto; obstruction of a medicaid fraud investigation pursuant to K.S.A. 21-3856, prior to its repeal, or K.S.A. 21-5929, and amendments thereto; identity theft or identity fraud

pursuant to K.S.A. 2010 Supp. 21-4018, prior to its repeal, or K.S.A. 21-6107, and amendments thereto; or social welfare fraud pursuant to K.S.A. 39-720, and amendments thereto. The provisions of this paragraph shall not apply to any person who is employed by a center, facility, hospital or provider of services on or before July 1, 2018, and is continuously employed by the same center, facility, hospital or provider of services or to any person during or upon successful completion of a diversion agreement.

(B) An individual who has been disqualified for employment due to conviction or adjudication of an offense listed in this paragraph~~(3)~~ may apply to the secretary for aging and disability services for a waiver of such disqualification if five years have elapsed since completion of the sentence for such conviction or adjudication. The secretary shall adopt rules and regulations establishing the waiver process and criteria to be considered by the secretary in evaluating any such waiver request.

(c) No licensee shall operate a center, facility, hospital or be a provider of services if such ~~person~~ licensee has been found to be an adult with an impairment in need of a guardian or a conservator, or both, as provided in the act for obtaining a guardian or conservator, or both. The provisions of this subsection shall not apply to an individual who, as a minor, was found to be in need of a guardian or conservator for reasons other than impairment.

(d) (1) The Kansas bureau of investigation shall release all records of adult and juvenile convictions and adjudications and adult and juvenile convictions and adjudications of any other state or country concerning persons working in a center, facility, hospital or for a provider of services to the secretary for aging and disability services. The Kansas bureau of investigation may charge to the Kansas department for aging and disability services a reasonable fee for providing criminal history record information under this subsection.

(2) The department shall require an applicant to be fingerprinted and to submit to a state and national criminal history record check. The fingerprints shall be used to identify the individual and to determine whether the individual has a record of criminal history in this state or other jurisdiction. The department is authorized to submit the fingerprints to the Kansas bureau of investigation and the federal bureau of investigation for a state and national criminal history record check. The department may use the information obtained from fingerprinting and the criminal history record check for purposes of verifying the identification of the person and for making an official determination of the qualifications and fitness of the person to work in the center, facility, hospital or for a provider of services.

(3) An applicant for employment in ~~an~~ a center, facility, hospital or for a provider of services shall have 20 calendar days after receipt of authorization to submit the applicant's fingerprints through an authorized collection site in order to be eligible for provisional employment or the applicant's application shall be deemed withdrawn.

(4) (A) The current or prospective employer of an applicant shall pay a fee not to exceed \$19 of the total cost for criminal history record information to the department for each applicant submitted.

(B) The prospective employer, employee or independent contractor shall pay the fingerprint collection fee at the time of fingerprinting to the authorized collection site.

(5) If an applicant disputes the contents of a criminal history record check, then the applicant may file an appeal with the Kansas bureau of investigation.

(6) Individuals who have been disqualified for employment by reason of their criminal history records and who have met the requirements of this subsection may apply for a waiver with the department within 30 days of the receipt of the notice of employment prohibition.

(7) The department shall adopt rules and regulations specifying the criteria and procedure for issuing a waiver of the employment prohibition. The secretary shall consider the following criteria when rendering a decision on such a waiver request: Passage of time; extenuating circumstances; demonstration of rehabilitation; and relevancy of the criminal history record information to the position for which the applicant is applying. Any employment prohibition issued shall remain in effect unless or until a waiver is granted.

~~(d)~~(c) The secretary shall provide each licensee requesting information under this section with a pass or fail determination after review of any criminal history record information in writing and within three working days of receipt of such information from the Kansas bureau of investigation or the federal bureau of investigation.

~~(e)~~(f) Any licensee or member of the staff who receives information concerning the fitness or unfitness of any person shall keep such information confidential, except that the staff person may disclose such information to the person who is the subject of the request for information. A violation of this subsection shall be an unclassified misdemeanor punishable by a fine of \$100.

~~(f)~~(g) For the purpose of complying with this section, the licensee operating a center, facility, hospital or a provider of services shall request from the Kansas department for aging and disability services an eligibility determination regarding adult and juvenile convictions and adjudications. For the purpose of complying with this section, the licensee operating a center, facility, hospital or a provider of services shall receive from any employment agency or independent contractor that provides employees to work in the center, facility, hospital or for the provider of services written certification that such employees are not prohibited from working in the center, facility, hospital or for the provider of services under this section. For the purpose of complying with this section, a licensee may hire an applicant for provisional employment on a one-time basis of 60 calendar days pending the results from the Kansas department for aging and disability services of an eligibility determination under this subsection. A provisional employee may only be supervised by an employee who has completed all training required by federal regulations, department rules and regulations and the center's, facility's, hospital's or provider of services' policies and procedures. No licensee, its contractors or employees, shall be liable for civil damages to any person refused employment or discharged from employment by reason of such licensee's compliance with the provisions of this section if such licensee acts in good faith to comply with this section.

~~(g)~~(h) The licensee operating a center, facility, hospital or a provider of services shall not require an applicant under this section to be fingerprinted, if the applicant has been the subject of a criminal history record check under this act within one year prior to the application for employment with the licensee operating a center, facility, hospital or a provider of services and has maintained a record of continuous employment, with no lapse of employment of over 90 days in any center, facility, hospital or a provider of services covered by this act.

Sec. 6. K.S.A. 39-2013 is hereby amended to read as follows: 39-2013. (a)

Whenever the licensing agency finds a ~~substantial~~ failure to comply with the requirements, standards or rules and regulations ~~established~~ adopted under this act, ~~it shall~~ the licensing agency may make an order denying, conditioning, restricting, suspending or revoking the license after issuing a notice and an opportunity for a hearing in accordance with the provisions of the Kansas administrative procedure act, K.S.A. 77-501 et seq., and amendments thereto. Any applicant ~~or licensee or person as defined in K.S.A. 39-2014, and amendments thereto,~~ may appeal such order in accordance with the provisions of the Kansas judicial review act, K.S.A. 77-601 et seq., and amendments thereto.

(b) Except as provided in subsection (c), whenever the licensing agency denies, suspends or revokes a license under this section, the applicant or licensee shall not be eligible to apply for a new license or reinstatement of a license for a period of two years from the date of denial, suspension or revocation.

(c) ~~(+)~~ Any applicant or licensee issued an emergency order by the licensing agency denying, suspending or revoking a license under this section may apply for a new license or reinstatement of a license at any time upon submission of a written waiver of any right conferred upon such applicant or licensee under the Kansas administrative procedure act, K.S.A. 77-501 et seq., and amendments thereto, and the Kansas judicial review act, K.S.A. 77-601 et seq., and amendments thereto, to the licensing agency in a settlement agreement or other manner as approved by the licensing agency.

~~(2)~~(d) Any licensee issued a notice of intent to take action by the licensing agency under this section may enter into a settlement agreement, as approved by the licensing agency, with the licensing agency at any time upon submission of a written waiver of any right conferred upon such licensee under the Kansas administrative procedure act, K.S.A. 77-501 et seq., and amendments thereto, and the Kansas judicial review act, K.S.A. 77-601 et seq., and amendments thereto.

~~(4)~~(e) In the event that a community mental health center accredited by the commission on accreditation of rehabilitation facilities or the joint commission, or another national accrediting body approved by the secretary for aging and disability services, loses accreditation by such accrediting entity, the community mental health center shall immediately notify the Kansas department for aging and disability services.

Sec. 7. K.S.A. 39-2016 is hereby amended to read as follows: 39-2016. (a) A correction order may be issued by the secretary or the secretary's designee to a licensee whenever the state fire marshal or the marshal's representative or a duly authorized representative of the secretary inspects or investigates a center, facility, hospital or provider and determines that the center, facility, hospital or provider is not in compliance with the provisions of this act or article 59 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, or rules and regulations ~~promulgated thereunder~~ adopted by the secretary pursuant to such authority and such non-compliance is likely to adversely affect the health, safety, nutrition or sanitation of the individuals or the public. The correction order shall be served upon the licensee either personally or by certified mail, return receipt requested. The correction order shall be in writing, shall state the specific deficiency, cite the specific statutory provision or rule and regulation alleged to have been violated and shall specify the time allowed for correction.

(b) If upon re-inspection by the state fire marshal or the marshal's representative or a duly authorized representative of the secretary, it is found that the licensee has not

corrected the deficiency or deficiencies specified in the correction order, the secretary may assess a civil penalty in an amount not to exceed \$500 per day, per deficiency, against the licensee for each subsequent day ~~subsequent to the day~~ following the time allowed for correction of the deficiency as specified in the correction order, the maximum assessment shall not exceed \$2,500. A written notice of assessment shall be served upon the licensee either personally or by certified mail, return receipt requested. Such notice of assessment shall advise the licensee of the opportunity to be heard in accordance with the Kansas administrative procedure act and to appeal such order in accordance with the provisions of the Kansas judicial review act.

(c) Before the assessment of a civil penalty, the secretary shall consider the following factors in determining the amount of the civil penalty to be assessed:

- (1) The severity of the violation;
- (2) the good faith effort exercised by the center, facility, hospital or provider to correct the violation; and
- (3) the history of compliance of the licensee of the center, facility, hospital or provider with the rules and regulations. If the secretary finds that some or all deficiencies cited in the correction order have also been cited against the center, facility, hospital or provider as a result of any inspection or investigation which occurred within 18 months prior to the inspection or investigation which resulted in such correction order, the secretary may double the civil penalty assessed against the licensee, the maximum not to exceed \$5,000.

(d) All civil penalties assessed shall be due and payable within 10 days after written notice of assessment is served on the licensee, unless a longer period of time is granted by the secretary. If a civil penalty is not paid within the applicable time period, the secretary may file a certified copy of the notice of assessment with the clerk of the district court in the county where the center, facility, hospital or provider is located. The notice of assessment shall be enforced in the same manner as a judgment of the district court.

(e) Any licensee against whom a civil penalty has been assessed, may appeal such assessment to the secretary within 10 days after receiving a written notice of assessment by filing a written notice of appeal with the office of administrative hearings specifying why such civil penalty should not be assessed. Such appeal shall not operate to stay the payment of the civil penalty. Upon receipt of the notice of appeal, the office of administrative hearings shall conduct a hearing in accordance with the provisions of the Kansas administrative procedure act. If the initial order issued by the office of administrative hearings finds in favor of the appellant and the secretary affirms the initial order, any civil penalties collected shall be refunded to the appellant licensee. Either party may appeal the final order in accordance with the Kansas judicial review act.

(f) All civil penalties collected pursuant to the provisions of this act shall be deposited with the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt the state treasurer shall deposit the entire amount in the state general fund.

Sec. 8. K.S.A. 39-2019 is hereby amended to read as follows: 39-2019. (a) The Kansas department for aging and disability services shall establish a process for certification of and funding for certified community behavioral health clinics in accordance with this section.

(b) (1) Prior to July 1, 2027, the Kansas department for aging and disability services shall certify as a certified community behavioral health clinic—any only community mental health—center centers that meet the criteria as set forth in paragraph (3).

(2) On and after July 1, 2027, the Kansas department for aging and disability services shall certify as a certified community behavioral health clinic any community mental health center that meets the criteria as set forth in paragraph (3).

(3) In order to be certified as a certified community behavioral health clinic, a community mental health center shall be licensed by the department that provides and provide the following services: Crisis services; screening, assessment and diagnosis, including risk assessment; person-centered treatment planning; outpatient mental health and substance use services; primary care screening and monitoring of key indicators of health risks; targeted case management; psychiatric rehabilitation services; peer support and family supports; medication-assisted treatment; assertive community treatment; and community-based mental healthcare for military servicemembers and veterans.

(c) (1) The department of health and environment shall establish a prospective payment system under the medical assistance program for funding certified community behavioral health clinics. Such system shall permit payment by either daily or monthly rates.

(2) The department of health and environment shall submit to the United States centers for medicare and medicaid services any approval request necessary to implement this subsection.

(3) Such prospective payment system shall be implemented on or before May 1, 2022.

(d) (1) Subject to applications therefor, the Kansas department for aging and disability services shall certify community behavioral health clinics by not later than the following specified dates:

(A) Six facilities currently receiving grants to operate as certified community behavioral health clinics by not later than May 1, 2022;

(B) three additional facilities by not later than July 1, 2022;

(C) nine additional facilities by not later than July 1, 2023; and

(D) eight additional facilities by not later than July 1, 2024.

(2) The Kansas department for aging and disability services may certify community behavioral health clinics in advance of the deadlines established in paragraph (1), including portions of the specified numbers of facilities.

(d) The secretary for aging and disability services shall adopt rules and regulations as necessary to implement and administer this section.

(e) (1) Programs and treatments provided by a certified community behavioral health clinic may be granted a certification renewal if such programs and treatments have been:

(A) Previously certified by the secretary for aging and disability services; and

(B) accredited by the commission on accreditation of rehabilitation facilities, the joint commission or another national accrediting body approved by the secretary for aging and disability services.

(2) The provisions of subsection (e) shall expire on July 1, 2027.";

On page 20, in line 12, after the first comma by inserting "39-2004, 39-2009, 39-2013, 39-2016, 39-2019,";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "adult care homes" and inserting "health and healthcare"; also in line 1, by striking all after "to"; in line 2, by striking all before the semicolon and inserting "licensure and certification of certain care facilities and providers of disability and mental health services; prohibiting the state fire marshal and the marshal's representatives from wearing or operating a body camera during an on-site inspection at a licensed facility"; also in line 2, by striking "such"; in line 3, by striking "facilities" and inserting "continuing care retirement communities"; in line 5, before "amending" by inserting "authorizing the department to condition or restrict a license of a provider of disability services; granting the secretary of aging and disability services authority to grant regulation waivers unrelated to health and safety; adding a definition of a day service provider; authorizing correction orders and civil fines to be appealed to the secretary; providing for renewal certification of certified community behavioral health clinic programs and treatments that have previously been certified or accredited;"; in line 6, after the first comma by inserting "39-2004, 39-2009, 39-2013, 39-2016, 39-2019,";

And your committee on conference recommends the adoption of this report.

BEVERLY GOSSAGE

RENEE ERICKSON

PAT PETTEY

*Conferees on part of Senate*

BRENDA LANDWEHR

JOHN EPLEE

SUSAN RUIZ

*Conferees on part of House*

Senator Baumgardner moved the Senate to not adopt the Conference Committee Report on **HB 2784** and appoint a new Conference Committee. Motion carried by voice vote.

The President appointed Senators Gossage, Erickson and Pettey as second conferees on the part of the Senate.

#### **CHANGE OF CONFERENCE**

Senators Billinger, Claeys, and Pettey are appointed to replace Senators Longbine, Fagg, and Holscher as members of the conference committee on **SB 27**.

Senators Peck and Ware are appointed to replace Senators Longbine and Holscher as members of the conference committee on **HB 2530**.

Senators Erickson, Dietrich, and Reddi are appointed to replace Senators Longbine, Fagg, and Holscher as members of the conference committee on **HB 2663**.

Senators Billinger, Claeys, and Pettey are appointed to replace Senators Warren, Wilborn, and Corson as members of the conference committee on **HB 2392**.

On motion of Senator Alley, the Senate adjourned until 8:00 a.m., Monday, April 29, 2024.

CHARLENE BAILEY, CINDY SHEPARD, *Journal Clerks.*  
COREY CARNAHAN, *Secretary of the Senate.*

