

HOUSE BILL No. 2084

By Committee on Commerce, Labor and Economic Development

1-24

1 AN ACT concerning ~~income~~ taxation; relating to *income tax* credits;
2 community services contributions; *sales tax, remittance credits and*
3 *exemptions*; amending K.S.A. 2012 Supp. 79-32,195 *and 79-3606* and
4 repealing the existing ~~section~~ *sections*.

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

7 Section 1. K.S.A. 2012 Supp. 79-32,195 is hereby amended to read as
8 follows: 79-32,195. As used in this act, the following words and phrases
9 shall have the meanings ascribed to them herein: (a) "Business firm"
10 means any business entity authorized to do business in the state of Kansas
11 which is subject to the state income tax imposed by the provisions of the
12 Kansas income tax act, ~~any individual subject to the state income tax~~
13 ~~imposed by the provisions of the Kansas income tax act~~, **any individual**
14 **subject to the state income tax imposed by the provisions of the**
15 **Kansas income tax act**, any national banking association, state bank, trust
16 company or savings and loan association paying an annual tax on its net
17 income pursuant to article 11 of chapter 79 of the Kansas Statutes
18 Annotated, or any insurance company paying the premium tax and
19 privilege fees imposed pursuant to K.S.A. 40-252, and amendments
20 thereto;

21 (b) "Community services" means:

22 (1) The conduct of activities which meet a demonstrated community
23 need and which are designed to achieve improved educational and social
24 services for Kansas children and their families, and which are coordinated
25 with communities including, but not limited to, social and human services
26 organizations that address the causes of poverty through programs and
27 services that assist low income persons in the areas of employment, food,
28 housing, emergency assistance and health care;

29 (2) crime prevention; ~~and~~

30 (3) health care services; *and*

31 (4) *youth apprenticeship and technical training*.

32 (c) "Crime prevention" means any nongovernmental activity which
33 aids in the prevention of crime.

34 (d) *"Youth apprenticeship and technical training" means conduct of*

1 *activities which are designed to improve the access to and quality of*
2 *apprenticeship and technical training which support an emphasis on rural*
3 ~~*housing*~~ **construction projects** *as well as the necessary equipment,*
4 *facilities and supportive mentorship for youth apprenticeships and*
5 *technical training.*

6 (e) "Community service organization" means any organization
7 performing community services in Kansas and which:

8 (1) Has obtained a ruling from the internal revenue service of the
9 United States department of the treasury that such organization is exempt
10 from income taxation under the provisions of section 501(c)(3) of the
11 federal internal revenue code; or

12 (2) is incorporated in the state of Kansas or another state as a
13 nonstock, nonprofit corporation; or

14 (3) has been designated as a community development corporation by
15 the United States government under the provisions of title VII of the
16 economic opportunity act of 1964; or

17 (4) is chartered by the United States congress.

18 ~~(e)~~(f) "Contributions" shall mean and include the donation of cash,
19 services or property other than used clothing in an amount or value of
20 \$250 or more. Stocks and bonds contributed shall be valued at the stock
21 market price on the date of transfer. Services contributed shall be valued at
22 the standard billing rate for not-for-profit clients. Personal property items
23 contributed shall be valued at the lesser of its fair market value or cost to
24 the donor and may be inclusive of costs incurred in making the
25 contribution, but shall not include sales tax. Contributions of real estate are
26 allowable for credit only when title thereto is in fee simple absolute and is
27 clear of any encumbrances. The amount of credit allowable shall be based
28 upon the lesser of two current independent appraisals conducted by state
29 licensed appraisers.

30 ~~(f)~~(g) "Health care services" shall include, but not be limited to, the
31 following: Services provided by local health departments, city, county or
32 district hospitals, city or county nursing homes, or other residential
33 institutions, preventive health care services offered by a community
34 service organization including immunizations, prenatal care, the
35 postponement of entry into nursing homes by home health care services,
36 and community based services for persons with a disability, mental health
37 services, indigent health care, physician or health care worker recruitment,
38 health education, emergency medical services, services provided by rural
39 health clinics, integration of health care services, home health services and
40 services provided by rural health networks.

41 ~~(g)~~(h) "Rural community" means any city having a population of
42 fewer than 15,000 located in a county that is not part of a standard
43 metropolitan statistical area as defined by the United States department of

1 commerce or its successor agency. However, any such city located in a
2 county defined as a standard metropolitan statistical area shall be deemed a
3 rural community if a substantial number of persons in such county derive
4 their income from agriculture and, in any county where there is only one
5 city within the county which has a population of more than 15,000 and
6 which classifies as a standard metropolitan statistical area, all other cities
7 in that county having a population of less than 15,000 shall be deemed a
8 rural community.

9 *New Sec. 2. Except as otherwise provided, there shall be allowed as*
10 *a credit to each remittance of sales and compensating use tax pursuant*
11 *to the provisions of the Kansas retailers' sales tax and the Kansas*
12 *compensating tax acts required to be made by a retailer, an amount*
13 *equal to 1.5% of such remittance. The total credit amount pursuant to*
14 *this section for each month shall not exceed \$200 for each retailer. For*
15 *purposes of this section, any retailer which files a consolidated return*
16 *for reporting sales and compensating use tax prior to January 1, 2013, is*
17 *subject to the \$200 per retailer limitation provided in this section even if*
18 *such retailer no longer files a consolidated return after such date.*

19 *Sec. 3. K.S.A. 2012 Supp. 79-3606 is hereby amended to read as*
20 *follows: 79-3606. The following shall be exempt from the tax imposed by*
21 *this act:*

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

35 *(b) all sales of tangible personal property or service, including the*
36 *renting and leasing of tangible personal property, purchased directly by*
37 *the state of Kansas, a political subdivision thereof, other than a school*
38 *or educational institution, or purchased by a public or private nonprofit*
39 *hospital or public hospital authority or nonprofit blood, tissue or organ*
40 *bank and used exclusively for state, political subdivision, hospital or*
41 *public hospital authority or nonprofit blood, tissue or organ bank*
42 *purposes, except when: (1) Such state, hospital or public hospital*
43 *authority is engaged or proposes to engage in any business specifically*

1 *taxable under the provisions of this act and such items of tangible*
2 *personal property or service are used or proposed to be used in such*
3 *business; or (2) such political subdivision is engaged or proposes to*
4 *engage in the business of furnishing gas, electricity or heat to others and*
5 *such items of personal property or service are used or proposed to be*
6 *used in such business;*

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

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

1 purpose of constructing, equipping, reconstructing, repairing, enlarging,
2 furnishing or remodeling facilities which are to be leased to the donor.
3 When *the state of Kansas or any agency thereof*, any political subdivision
4 of the state, district described in subsection (s), public or private nonprofit
5 hospital or public hospital authority, public or private elementary or
6 secondary school, public or private nonprofit educational institution, state
7 correctional institution including a privately constructed correctional
8 institution contracted for state use and ownership shall contract for the
9 purpose of constructing, equipping, reconstructing, maintaining, repairing,
10 enlarging, furnishing or remodeling facilities, it shall obtain from the state
11 and furnish to the contractor an exemption certificate for the project
12 involved, and the contractor may purchase materials for incorporation in
13 such project. The contractor shall furnish the number of such certificate to
14 all suppliers from whom such purchases are made, and such suppliers shall
15 execute invoices covering the same bearing the number of such certificate.
16 Upon completion of the project the contractor shall furnish to *the state of*
17 *Kansas or any agency thereof*, the political subdivision, district described
18 in subsection (s), hospital or public hospital authority, school, educational
19 institution or department of corrections concerned a sworn statement, on a
20 form to be provided by the director of taxation, that all purchases so made
21 were entitled to exemption under this subsection. As an alternative to the
22 foregoing procedure, any such contracting entity may apply to the
23 secretary of revenue for agent status for the sole purpose of issuing and
24 furnishing project exemption certificates to contractors pursuant to rules
25 and regulations adopted by the secretary establishing conditions and
26 standards for the granting and maintaining of such status. All invoices
27 shall be held by the contractor for a period of five years and shall be
28 subject to audit by the director of taxation. If any materials purchased
29 under such a certificate are found not to have been incorporated in the
30 building or other project or not to have been returned for credit or the sales
31 or compensating tax otherwise imposed upon such materials which will
32 not be so incorporated in the building or other project reported and paid by
33 such contractor to the director of taxation not later than the 20th day of the
34 month following the close of the month in which it shall be determined
35 that such materials will not be used for the purpose for which such
36 certificate was issued, *the state of Kansas or any agency thereof*, the
37 political subdivision, district described in subsection (s), hospital or public
38 hospital authority, school, educational institution or the contractor
39 contracting with the department of corrections for a correctional institution
40 concerned shall be liable for tax on all materials purchased for the project,
41 and upon payment thereof it may recover the same from the contractor
42 together with reasonable attorney fees. Any contractor or any agent,
43 employee or subcontractor thereof, who shall use or otherwise dispose of

1 any materials purchased under such a certificate for any purpose other than
2 that for which such a certificate is issued without the payment of the sales
3 or compensating tax otherwise imposed upon such materials, shall be
4 guilty of a misdemeanor and, upon conviction therefor, shall be subject to
5 the penalties provided for in subsection (g) of K.S.A. 79-3615, and
6 amendments thereto. *The provisions of this subsection shall apply to sales*
7 *of tangible personal property or services purchased by a contractor for a*
8 *project for the state of Kansas or any agency thereof, on and after July 1,*
9 *2014;*

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

42 *(f) tangible personal property purchased by a railroad or public*
43 *utility for consumption or movement directly and immediately in*

1 *interstate commerce;*

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

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

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

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

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

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

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

38 (n) *all sales of tangible personal property which is consumed in the*
39 *production, manufacture, processing, mining, drilling, refining or*
40 *compounding of tangible personal property, the treating of by-products*
41 *or wastes derived from any such production process, the providing of*
42 *services or the irrigation of crops for ultimate sale at retail within or*
43 *without the state of Kansas; and any purchaser of such property may*

1 *obtain from the director of taxation and furnish to the supplier an*
2 *exemption certificate number for tangible personal property for*
3 *consumption in such production, manufacture, processing, mining,*
4 *drilling, refining, compounding, treating, irrigation and in providing*
5 *such services;*

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

12 *(p) all sales of drugs dispensed pursuant to a prescription order by*
13 *a licensed practitioner or a mid-level practitioner as defined by K.S.A.*
14 *65-1626, and amendments thereto. As used in this subsection, "drug"*
15 *means a compound, substance or preparation and any component of a*
16 *compound, substance or preparation, other than food and food*
17 *ingredients, dietary supplements or alcoholic beverages, recognized in*
18 *the official United States pharmacopoeia, official homeopathic*
19 *pharmacopoeia of the United States or official national formulary, and*
20 *supplement to any of them, intended for use in the diagnosis, cure,*
21 *mitigation, treatment or prevention of disease or intended to affect the*
22 *structure or any function of the body;*

23 *(q) all sales of insulin dispensed by a person licensed by the state*
24 *board of pharmacy to a person for treatment of diabetes at the direction*
25 *of a person licensed to practice medicine by the board of healing arts;*

26 *(r) all sales of oxygen delivery equipment, kidney dialysis*
27 *equipment, enteral feeding systems, prosthetic devices and mobility*
28 *enhancing equipment prescribed in writing by a person licensed to*
29 *practice the healing arts, dentistry or optometry, and in addition to such*
30 *sales, all sales of hearing aids, as defined by subsection (c) of K.S.A. 74-*
31 *5807, and amendments thereto, and repair and replacement parts*
32 *therefor, including batteries, by a person licensed in the practice of*
33 *dispensing and fitting hearing aids pursuant to the provisions of K.S.A.*
34 *74-5808, and amendments thereto. For the purposes of this subsection:*
35 *(1) "Mobility enhancing equipment" means equipment including repair*
36 *and replacement parts to same, but does not include durable medical*
37 *equipment, which is primarily and customarily used to provide or*
38 *increase the ability to move from one place to another and which is*
39 *appropriate for use either in a home or a motor vehicle; is not generally*
40 *used by persons with normal mobility; and does not include any motor*
41 *vehicle or equipment on a motor vehicle normally provided by a motor*
42 *vehicle manufacturer; and (2) "prosthetic device" means a replacement,*
43 *corrective or supportive device including repair and replacement parts*

1 *for same worn on or in the body to artificially replace a missing portion*
2 *of the body, prevent or correct physical deformity or malfunction or*
3 *support a weak or deformed portion of the body;*

4 *(s) except as provided in K.S.A. 2012 Supp. 82a-2101, and*
5 *amendments thereto, all sales of tangible personal property or services*
6 *purchased directly or indirectly by a groundwater management district*
7 *organized or operating under the authority of K.S.A. 82a-1020 et seq.,*
8 *and amendments thereto, by a rural water district organized or operating*
9 *under the authority of K.S.A. 82a-612, and amendments thereto, or by a*
10 *water supply district organized or operating under the authority of*
11 *K.S.A. 19-3501 et seq., 19-3522 et seq., or 19-3545, and amendments*
12 *thereto, which property or services are used in the construction*
13 *activities, operation or maintenance of the district;*

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

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

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

15 (w) *all sales of natural gas, electricity, heat and water delivered*
16 *through mains, lines or pipes: (1) To residential premises for*
17 *noncommercial use by the occupant of such premises; (2) for*
18 *agricultural use and also, for such use, all sales of propane gas; (3) for*
19 *use in the severing of oil; and (4) to any property which is exempt from*
20 *property taxation pursuant to K.S.A. 79-201b, Second through Sixth. As*
21 *used in this paragraph, "severing" shall have the meaning ascribed*
22 *thereto by subsection (k) of K.S.A. 79-4216, and amendments thereto.*
23 *For all sales of natural gas, electricity and heat delivered through*
24 *mains, lines or pipes pursuant to the provisions of subsection (w)(1) and*
25 *(w)(2), the provisions of this subsection shall expire on December 31,*
26 *2005;*

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

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

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

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

43 (bb) *all sales of used mobile homes or manufactured homes. As*

1 *used in this subsection: (1) "Mobile homes" and "manufactured*
2 *homes" shall have the meanings ascribed thereto by K.S.A. 58-4202, and*
3 *amendments thereto; and (2) "sales of used mobile homes or*
4 *manufactured homes" means sales other than the original retail sale*
5 *thereof;*

6 *(cc) all sales of tangible personal property or services purchased*
7 *prior to January 1, 2012, except as otherwise provided, for the purpose*
8 *of and in conjunction with constructing, reconstructing, enlarging or*
9 *remodeling a business or retail business which meets the requirements*
10 *established in K.S.A. 74-50,115, and amendments thereto, and the sale*
11 *and installation of machinery and equipment purchased for installation*
12 *at any such business or retail business, and all sales of tangible personal*
13 *property or services purchased on or after January 1, 2012, for the*
14 *purpose of and in conjunction with constructing, reconstructing,*
15 *enlarging or remodeling a business which meets the requirements*
16 *established in K.S.A. 74-50,115(e), and amendments thereto, and the*
17 *sale and installation of machinery and equipment purchased for*
18 *installation at any such business. When a person shall contract for the*
19 *construction, reconstruction, enlargement or remodeling of any such*
20 *business or retail business, such person shall obtain from the state and*
21 *furnish to the contractor an exemption certificate for the project*
22 *involved, and the contractor may purchase materials, machinery and*
23 *equipment for incorporation in such project. The contractor shall*
24 *furnish the number of such certificates to all suppliers from whom such*
25 *purchases are made, and such suppliers shall execute invoices covering*
26 *the same bearing the number of such certificate. Upon completion of the*
27 *project the contractor shall furnish to the owner of the business or retail*
28 *business a sworn statement, on a form to be provided by the director of*
29 *taxation, that all purchases so made were entitled to exemption under*
30 *this subsection. All invoices shall be held by the contractor for a period*
31 *of five years and shall be subject to audit by the director of taxation. Any*
32 *contractor or any agent, employee or subcontractor thereof, who shall*
33 *use or otherwise dispose of any materials, machinery or equipment*
34 *purchased under such a certificate for any purpose other than that for*
35 *which such a certificate is issued without the payment of the sales or*
36 *compensating tax otherwise imposed thereon, shall be guilty of a*
37 *misdemeanor and, upon conviction therefor, shall be subject to the*
38 *penalties provided for in subsection (g) of K.S.A. 79-3615, and*
39 *amendments thereto. As used in this subsection, "business" and "retail*
40 *business" have the meanings respectively ascribed thereto by K.S.A. 74-*
41 *50,114, and amendments thereto. Project exemption certificates that*
42 *have been previously issued under this subsection by the department of*
43 *revenue pursuant to K.S.A. 74-50,115, and amendments thereto, but not*

1 *including K.S.A. 74-50,115(e), and amendments thereto, prior to*
2 *January 1, 2012, and have not expired will be effective for the term of*
3 *the project or two years from the effective date of the certificate,*
4 *whichever occurs earlier. Project exemption certificates that are*
5 *submitted to the department of revenue prior to January 1, 2012, and are*
6 *found to qualify will be issued a project exemption certificate that will be*
7 *effective for a two-year period or for the term of the project, whichever*
8 *occurs earlier;*

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

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

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

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

22 *(hh) all sales of medical supplies and equipment, including durable*
23 *medical equipment, purchased directly by a nonprofit skilled nursing*
24 *home or nonprofit intermediate nursing care home, as defined by K.S.A.*
25 *39-923, and amendments thereto, for the purpose of providing medical*
26 *services to residents thereof. This exemption shall not apply to tangible*
27 *personal property customarily used for human habitation purposes. As*
28 *used in this subsection, "durable medical equipment" means equipment*
29 *including repair and replacement parts for such equipment, which can*
30 *withstand repeated use, is primarily and customarily used to serve a*
31 *medical purpose, generally is not useful to a person in the absence of*
32 *illness or injury and is not worn in or on the body, but does not include*
33 *mobility enhancing equipment as defined in subsection (r), oxygen*
34 *delivery equipment, kidney dialysis equipment or enteral feeding*
35 *systems;*

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

43 *(jj) all sales of tangible personal property or services, including the*

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

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

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

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

22 *(2) For purposes of this subsection:*

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

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

37 *(C) "manufacturing or processing plant or facility" means a single,*
38 *fixed location owned or controlled by a manufacturing or processing*
39 *business that consists of one or more structures or buildings in a*
40 *contiguous area where integrated production operations are conducted*
41 *to manufacture or process tangible personal property to be ultimately*
42 *sold at retail. Such term shall not include any facility primarily operated*
43 *for the purpose of conveying or assisting in the conveyance of natural*

1 gas, electricity, oil or water. A business may operate one or more
2 manufacturing or processing plants or facilities at different locations to
3 manufacture or process a single product of tangible personal property to
4 be ultimately sold at retail;

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

40 (E) "repair and replacement parts and accessories" means all parts
41 and accessories for exempt machinery and equipment, including, but not
42 limited to, dies, jigs, molds, patterns and safety devices that are attached
43 to exempt machinery or that are otherwise used in production, and parts

1 *and accessories that require periodic replacement such as belts, drill*
2 *bits, grinding wheels, grinding balls, cutting bars, saws, refractory brick*
3 *and other refractory items for exempt kiln equipment used in production*
4 *operations;*

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

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

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

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

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

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

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

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

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

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

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

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

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

1 *process;*

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

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

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

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

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

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

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

43 *(D) office machines and equipment including computers and*

1 *related peripheral equipment not used directly and primarily to control*
2 *or measure the manufacturing process;*

3 *(E) furniture and other furnishings;*

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

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

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

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

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

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

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

27 *(ll) all sales of educational materials purchased for distribution to*
28 *the public at no charge by a nonprofit corporation organized for the*
29 *purpose of encouraging, fostering and conducting programs for the*
30 *improvement of public health;*

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

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

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

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

43 *(qq) all sales of tangible personal property and services purchased*

1 *by a nonprofit museum or historical society or any combination thereof,*
2 *including a nonprofit organization which is organized for the purpose of*
3 *stimulating public interest in the exploration of space by providing*
4 *educational information, exhibits and experiences, which is exempt from*
5 *federal income taxation pursuant to section 501(c)(3) of the federal*
6 *internal revenue code of 1986;*

7 *(rr) all sales of tangible personal property which will admit the*
8 *purchaser thereof to any annual event sponsored by a nonprofit*
9 *organization which is exempt from federal income taxation pursuant to*
10 *section 501(c)(3) of the federal internal revenue code of 1986;*

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

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

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

22 *(vv) all sales of tangible personal property purchased by any of the*
23 *following organizations which are exempt from federal income taxation*
24 *pursuant to section 501(c)(3) of the federal internal revenue code of*
25 *1986, for the following purposes, and all sales of any such property by or*
26 *on behalf of any such organization for any such purpose:*

27 *(1) The American Heart Association, Kansas Affiliate, Inc. for the*
28 *purposes of providing education, training, certification in emergency*
29 *cardiac care, research and other related services to reduce disability and*
30 *death from cardiovascular diseases and stroke;*

31 *(2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of*
32 *advocacy for persons with mental illness and to education, research and*
33 *support for their families;*

34 *(3) the Kansas Mental Illness Awareness Council for the purposes*
35 *of advocacy for persons who are mentally ill and to education, research*
36 *and support for them and their families;*

37 *(4) the American Diabetes Association Kansas Affiliate, Inc. for the*
38 *purpose of eliminating diabetes through medical research, public*
39 *education focusing on disease prevention and education, patient*
40 *education including information on coping with diabetes, and*
41 *professional education and training;*

42 *(5) the American Lung Association of Kansas, Inc. for the purpose*
43 *of eliminating all lung diseases through medical research, public*

1 *education including information on coping with lung diseases,*
2 *professional education and training related to lung disease and other*
3 *related services to reduce the incidence of disability and death due to*
4 *lung disease;*

5 *(6) the Kansas chapters of the Alzheimer's Disease and Related*
6 *Disorders Association, Inc. for the purpose of providing assistance and*
7 *support to persons in Kansas with Alzheimer's disease, and their families*
8 *and caregivers;*

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

12 *(8) the National Kidney Foundation of Kansas and Western*
13 *Missouri for the purpose of eliminating kidney disease through medical*
14 *research and public and private education related to such disease;*

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

18 *(10) the Cystic Fibrosis Foundation, Heart of America Chapter, for*
19 *the purposes of assuring the development of the means to cure and*
20 *control cystic fibrosis and improving the quality of life for those with the*
21 *disease;*

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

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

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

33 *(14) the Dreams Work, Inc., for the purpose of providing young*
34 *adult day services to individuals with developmental disabilities and*
35 *assisting families in avoiding institutional or nursing home care for a*
36 *developmentally disabled member of their family;*

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

43 *(16) the lyme association of greater Kansas City, Inc., for the*

1 *purpose of providing support to persons with lyme disease and public*
2 *education relating to the prevention, treatment and cure of lyme disease;*

3 *(17) the Dream Factory, Inc., for the purpose of granting the*
4 *dreams of children with critical and chronic illnesses;*

5 *(18) the Ottawa Suzuki Strings, Inc., for the purpose of providing*
6 *students and families with education and resources necessary to enable*
7 *each child to develop fine character and musical ability to the fullest*
8 *potential;*

9 *(19) the International Association of Lions Clubs for the purpose of*
10 *creating and fostering a spirit of understanding among all people for*
11 *humanitarian needs by providing voluntary services through community*
12 *involvement and international cooperation;*

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

17 *(21) the American Cancer Society, Inc., for the purpose of*
18 *eliminating cancer as a major health problem by preventing cancer,*
19 *saving lives and diminishing suffering from cancer, through research,*
20 *education, advocacy and service;*

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

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

26 *(24) the Kansas fairgrounds foundation for the purpose of the*
27 *preservation, renovation and beautification of the Kansas state*
28 *fairgrounds;*

29 *(ww) all sales of tangible personal property purchased by the*
30 *Habitat for Humanity for the exclusive use of being incorporated within*
31 *a housing project constructed by such organization;*

32 *(xx) all sales of tangible personal property and services purchased*
33 *by a nonprofit zoo which is exempt from federal income taxation*
34 *pursuant to section 501(c)(3) of the federal internal revenue code of*
35 *1986, or on behalf of such zoo by an entity itself exempt from federal*
36 *income taxation pursuant to section 501(c)(3) of the federal internal*
37 *revenue code of 1986 contracted with to operate such zoo and all sales of*
38 *tangible personal property or services purchased by a contractor for the*
39 *purpose of constructing, equipping, reconstructing, maintaining,*
40 *repairing, enlarging, furnishing or remodeling facilities for any*
41 *nonprofit zoo which would be exempt from taxation under the provisions*
42 *of this section if purchased directly by such nonprofit zoo or the entity*
43 *operating such zoo. Nothing in this subsection shall be deemed to*

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

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

39 *(zz) all sales of machinery and equipment purchased by over-the-*
40 *air, free access radio or television station which is used directly and*
41 *primarily for the purpose of producing a broadcast signal or is such that*
42 *the failure of the machinery or equipment to operate would cause*
43 *broadcasting to cease. For purposes of this subsection, machinery and*

1 *equipment shall include, but not be limited to, that required by rules and*
2 *regulations of the federal communications commission, and all sales of*
3 *electricity which are essential or necessary for the purpose of producing*
4 *a broadcast signal or is such that the failure of the electricity would*
5 *cause broadcasting to cease;*

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

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

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

24 *(ccc) on and after July 1, 1999, all sales of tangible personal*
25 *property and services purchased by a primary care clinic or health*
26 *center the primary purpose of which is to provide services to medically*
27 *underserved individuals and families, and which is exempt from federal*
28 *income taxation pursuant to section 501(c)(3) of the federal internal*
29 *revenue code, and all sales of tangible personal property or services*
30 *purchased by a contractor for the purpose of constructing, equipping,*
31 *reconstructing, maintaining, repairing, enlarging, furnishing or*
32 *remodeling facilities for any such clinic or center which would be*
33 *exempt from taxation under the provisions of this section if purchased*
34 *directly by such clinic or center. Nothing in this subsection shall be*
35 *deemed to exempt the purchase of any construction machinery,*
36 *equipment or tools used in the constructing, equipping, reconstructing,*
37 *maintaining, repairing, enlarging, furnishing or remodeling facilities*
38 *for any such clinic or center. When any such clinic or center shall*
39 *contract for the purpose of constructing, equipping, reconstructing,*
40 *maintaining, repairing, enlarging, furnishing or remodeling facilities, it*
41 *shall obtain from the state and furnish to the contractor an exemption*
42 *certificate for the project involved, and the contractor may purchase*
43 *materials for incorporation in such project. The contractor shall furnish*

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

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

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

42 *(fff) all sales of material handling equipment, racking systems and*
43 *other related machinery and equipment that is used for the handling,*

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

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

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

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

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

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

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

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

30 *(nnn) all sales of tangible personal property and services purchased*
31 *by the West Sedgwick County-Sunrise Rotary Club and Sunrise*
32 *Charitable Fund for the purpose of constructing a boundless*
33 *playground which is an integrated, barrier free and developmentally*
34 *advantageous play environment for children of all abilities and*
35 *disabilities;*

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

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

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

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

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

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

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

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

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

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

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

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

32 *(vvv) all sales of tangible personal property or services, including*
33 *the renting and leasing of tangible personal property or services,*
34 *purchased by Jazz in the Woods, Inc., a Kansas corporation which is*
35 *exempt from federal income taxation pursuant to section 501(c)(3) of the*
36 *federal internal revenue code, for the purpose of providing Jazz in the*
37 *Woods, an event benefiting children-in-need and other nonprofit*
38 *charities assisting such children, and all sales of any such property by or*
39 *on behalf of such organization for such purpose;*

40 *(www) all sales of tangible personal property purchased by or on*
41 *behalf of the Frontenac Education Foundation, which is exempt from*
42 *federal income taxation pursuant to section 501(c)(3) of the federal*
43 *internal revenue code, for the purpose of providing education support*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 *(gggg) all sales of game birds for which the primary purpose is use*
25 *in hunting.*

26 Sec. ~~2~~ 4. K.S.A. 2012 Supp. 79-32,195 ~~is~~ and 79-3606 are hereby
27 repealed.

28 Sec. ~~3~~ 5. This act shall take effect and be in force from and after its
29 publication in the statute book.