

**SENATE BILL No. 226**

By Committee on Ways and Means

2-11

---

1 AN ACT concerning sales taxation; relating to exemptions; providing an  
2 exemption for area agencies on aging; amending K.S.A. 79-3606 and  
3 repealing the existing section.  
4

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

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

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

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

35 (c) all sales of tangible personal property or services, including the  
36 renting and leasing of tangible personal property, purchased directly by a

1 public or private elementary or secondary school or public or private  
2 nonprofit educational institution and used primarily by such school or  
3 institution for nonsectarian programs and activities provided or sponsored  
4 by such school or institution or in the erection, repair or enlargement of  
5 buildings to be used for such purposes. The exemption herein provided  
6 shall not apply to erection, construction, repair, enlargement or equipment  
7 of buildings used primarily for human habitation;

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

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

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

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

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

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

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

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

41 (j) meals served without charge or food used in the preparation of  
42 such meals to employees of any restaurant, eating house, dining car, hotel,  
43 drugstore or other place where meals or drinks are regularly sold to the

1 public if such employees' duties are related to the furnishing or sale of  
2 such meals or drinks;

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

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

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

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

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

38 (p) all sales of drugs dispensed pursuant to a prescription order by a  
39 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
40 1626, and amendments thereto. As used in this subsection, "drug" means a  
41 compound, substance or preparation and any component of a compound,  
42 substance or preparation, other than food and food ingredients, dietary  
43 supplements or alcoholic beverages, recognized in the official United

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

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

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

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

42 (t) all sales of farm machinery and equipment or aquaculture  
43 machinery and equipment, repair and replacement parts therefor and

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

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

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

41 (w) all sales of natural gas, electricity, heat and water delivered  
42 through mains, lines or pipes: (1) To residential premises for  
43 noncommercial use by the occupant of such premises; (2) for agricultural

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

19 (jj) all sales of tangible personal property or services, including the  
20 renting and leasing of tangible personal property, purchased directly on  
21 behalf of a community-based facility for people with intellectual disability  
22 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
23 amendments thereto, and licensed in accordance with the provisions of  
24 K.S.A. 2020 Supp. 39-2001 et seq., and amendments thereto, and all sales  
25 of tangible personal property or services purchased by contractors during  
26 the time period from July, 2003, through June, 2006, for the purpose of  
27 constructing, equipping, maintaining or furnishing a new facility for a  
28 community-based facility for people with intellectual disability or mental  
29 health center located in Riverton, Cherokee County, Kansas, that would  
30 have been eligible for sales tax exemption pursuant to this subsection if  
31 purchased directly by such facility or center. This exemption shall not  
32 apply to tangible personal property customarily used for human habitation  
33 purposes;

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

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

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

41 (2) For purposes of this subsection:

42 (A) "Integrated production operation" means an integrated series of  
43 operations engaged in at a manufacturing or processing plant or facility to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (G) to produce energy for, lubricate, control the operating of or  
43 otherwise enable the functioning of other production machinery and

1 equipment and the continuation of production operations;

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

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

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

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

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

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

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

1 from the time a reclamation plan is filed to the acceptance of the  
2 completed final site reclamation.

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

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

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

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

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

21 (E) furniture and other furnishings;

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

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

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

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

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

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

43 (7) The secretary of revenue shall adopt rules and regulations

1 necessary to administer the provisions of this subsection;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (10) the cystic fibrosis foundation, heart of America chapter, for the  
43 purposes of assuring the development of the means to cure and control



- 1 cystic fibrosis and improving the quality of life for those with the disease;
- 2 (11) the spina bifida association of Kansas for the purpose of  
3 providing financial, educational and practical aid to families and  
4 individuals with spina bifida. Such aid includes, but is not limited to,  
5 funding for medical devices, counseling and medical educational  
6 opportunities;
- 7 (12) the CHWC, Inc., for the purpose of rebuilding urban core  
8 neighborhoods through the construction of new homes, acquiring and  
9 renovating existing homes and other related activities, and promoting  
10 economic development in such neighborhoods;
- 11 (13) the cross-lines cooperative council for the purpose of providing  
12 social services to low income individuals and families;
- 13 (14) the dreams work, inc., for the purpose of providing young adult  
14 day services to individuals with developmental disabilities and assisting  
15 families in avoiding institutional or nursing home care for a  
16 developmentally disabled member of their family;
- 17 (15) the KSDS, Inc., for the purpose of promoting the independence  
18 and inclusion of people with disabilities as fully participating and  
19 contributing members of their communities and society through the  
20 training and providing of guide and service dogs to people with  
21 disabilities, and providing disability education and awareness to the  
22 general public;
- 23 (16) the lyme association of greater Kansas City, Inc., for the purpose  
24 of providing support to persons with lyme disease and public education  
25 relating to the prevention, treatment and cure of lyme disease;
- 26 (17) the dream factory, inc., for the purpose of granting the dreams of  
27 children with critical and chronic illnesses;
- 28 (18) the Ottawa Suzuki strings, inc., for the purpose of providing  
29 students and families with education and resources necessary to enable  
30 each child to develop fine character and musical ability to the fullest  
31 potential;
- 32 (19) the international association of lions clubs for the purpose of  
33 creating and fostering a spirit of understanding among all people for  
34 humanitarian needs by providing voluntary services through community  
35 involvement and international cooperation;
- 36 (20) the Johnson county young matrons, inc., for the purpose of  
37 promoting a positive future for members of the community through  
38 volunteerism, financial support and education through the efforts of an all  
39 volunteer organization;
- 40 (21) the American cancer society, inc., for the purpose of eliminating  
41 cancer as a major health problem by preventing cancer, saving lives and  
42 diminishing suffering from cancer, through research, education, advocacy  
43 and service;

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

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

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

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

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

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

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

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

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

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

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

40 (ccc) on and after July 1, 1999, all sales of tangible personal property  
41 and services purchased by a primary care clinic or health center the  
42 primary purpose of which is to provide services to medically underserved  
43 individuals and families, and that is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code, and all  
2 sales of tangible personal property or services purchased by a contractor  
3 for the purpose of constructing, equipping, reconstructing, maintaining,  
4 repairing, enlarging, furnishing or remodeling facilities for any such clinic  
5 or center that would be exempt from taxation under the provisions of this  
6 section if purchased directly by such clinic or center, except that for  
7 taxable years commencing after December 31, 2013, this subsection shall  
8 not apply to any sales of such tangible personal property and services  
9 purchased by a primary care clinic or health center which performs any  
10 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing  
11 in this subsection shall be deemed to exempt the purchase of any  
12 construction machinery, equipment or tools used in the constructing,  
13 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
14 remodeling facilities for any such clinic or center. When any such clinic or  
15 center shall contract for the purpose of constructing, equipping,  
16 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
17 facilities, it shall obtain from the state and furnish to the contractor an  
18 exemption certificate for the project involved, and the contractor may  
19 purchase materials for incorporation in such project. The contractor shall  
20 furnish the number of such certificate to all suppliers from whom such  
21 purchases are made, and such suppliers shall execute invoices covering the  
22 same bearing the number of such certificate. Upon completion of the  
23 project the contractor shall furnish to such clinic or center concerned a  
24 sworn statement, on a form to be provided by the director of taxation, that  
25 all purchases so made were entitled to exemption under this subsection.  
26 All invoices shall be held by the contractor for a period of five years and  
27 shall be subject to audit by the director of taxation. If any materials  
28 purchased under such a certificate are found not to have been incorporated  
29 in the building or other project or not to have been returned for credit or  
30 the sales or compensating tax otherwise imposed upon such materials that  
31 will not be so incorporated in the building or other project reported and  
32 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
33 day of the month following the close of the month in which it shall be  
34 determined that such materials will not be used for the purpose for which  
35 such certificate was issued, such clinic or center concerned shall be liable  
36 for tax on all materials purchased for the project, and upon payment  
37 thereof it may recover the same from the contractor together with  
38 reasonable attorney fees. Any contractor or any agent, employee or  
39 subcontractor thereof, who shall use or otherwise dispose of any materials  
40 purchased under such a certificate for any purpose other than that for  
41 which such a certificate is issued without the payment of the sales or  
42 compensating tax otherwise imposed upon such materials, shall be guilty  
43 of a misdemeanor and, upon conviction therefor, shall be subject to the

1 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;  
2 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
3 sales of materials and services purchased by any class II or III railroad as  
4 classified by the federal surface transportation board for the construction,  
5 renovation, repair or replacement of class II or III railroad track and  
6 facilities used directly in interstate commerce. In the event any such track  
7 or facility for which materials and services were purchased sales tax  
8 exempt is not operational for five years succeeding the allowance of such  
9 exemption, the total amount of sales tax that would have been payable  
10 except for the operation of this subsection shall be recouped in accordance  
11 with rules and regulations adopted for such purpose by the secretary of  
12 revenue;

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

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

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

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

41 (iii) all sales of personal property and services purchased by an  
42 organization that is exempt from federal income taxation pursuant to  
43 section 501(c)(3) of the federal internal revenue code of 1986, and such

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

1 and, upon conviction therefor, shall be subject to the penalties provided for  
2 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
3 July 1, 2005, but prior to the effective date of this act upon the gross  
4 receipts received from any sale exempted by the amendatory provisions of  
5 this subsection shall be refunded. Each claim for a sales tax refund shall be  
6 verified and submitted to the director of taxation upon forms furnished by  
7 the director and shall be accompanied by any additional documentation  
8 required by the director. The director shall review each claim and shall  
9 refund that amount of sales tax paid as determined under the provisions of  
10 this subsection. All refunds shall be paid from the sales tax refund fund  
11 upon warrants of the director of accounts and reports pursuant to vouchers  
12 approved by the director or the director's designee;

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

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

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

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



1 by the west Sedgwick county-sunrise rotary club and sunrise charitable  
2 fund for the purpose of constructing a boundless playground which is an  
3 integrated, barrier free and developmentally advantageous play  
4 environment for children of all abilities and disabilities;

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

9 (ppp) all sales of tangible personal property and services purchased  
10 by or on behalf of a homeless shelter that is exempt from federal income  
11 taxation pursuant to section 501(c)(3) of the federal income tax code of  
12 1986, and used by any such homeless shelter to provide emergency and  
13 transitional housing for individuals and families experiencing  
14 homelessness, and all sales of any such property by or on behalf of any  
15 such homeless shelter for any such purpose;

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

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

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

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

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

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

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

32 (uuu) all sales of tangible personal property and services purchased  
33 by Kansas children's service league, hereinafter referred to as KCSL,  
34 which is exempt from federal income taxation pursuant to section 501(c)  
35 (3) of the federal internal revenue code of 1986, and which such property  
36 and services are used for the purpose of providing for the prevention and  
37 treatment of child abuse and maltreatment as well as meeting additional  
38 critical needs for children, juveniles and family, and all sales of any such  
39 property by or on behalf of KCSL for any such purpose; and all sales of  
40 tangible personal property or services purchased by a contractor for the  
41 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
42 remodeling facilities for the operation of services for KCSL for any such  
43 purpose that would be exempt from taxation under the provisions of this

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

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

42 (www) all sales of tangible personal property purchased by or on  
43 behalf of the Frontenac education foundation, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal  
2 internal revenue code, for the purpose of providing education support for  
3 students, and all sales of any such property by or on behalf of such  
4 organization for such purpose;

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

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

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

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

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

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

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

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



1 charges, by or on behalf of such organization for such purpose;

2 (dddd) all sales of tangible personal property or services purchased  
3 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
4 of which are exempt from federal income taxation pursuant to section  
5 501(c)(3) of the federal internal revenue code, for the purpose of providing  
6 education, training and employment opportunities for people with  
7 disabilities and other barriers to employment;

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

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

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

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

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

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

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

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

1 or on behalf of the beacon, inc., that is exempt from federal income  
2 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
3 for the purpose of providing those desiring help with food, shelter, clothing  
4 and other necessities of life during times of special need;

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

12 (llll) all sales of tangible personal property and services purchased by  
13 Gove county healthcare endowment foundation, inc., which is exempt  
14 from federal income taxation pursuant to section 501(c)(3) of the federal  
15 internal revenue code of 1986, and which such property and services are  
16 used for the purpose of constructing and equipping an airport in Quinter,  
17 Kansas, and all sales of tangible personal property or services purchased  
18 by a contractor for the purpose of constructing and equipping an airport in  
19 Quinter, Kansas, for such organization, that would be exempt from  
20 taxation under the provisions of this section if purchased directly by such  
21 organization. Nothing in this subsection shall be deemed to exempt the  
22 purchase of any construction machinery, equipment or tools used in the  
23 constructing or equipping of facilities for such organization. When such  
24 organization shall contract for the purpose of constructing or equipping an  
25 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
26 contractor an exemption certificate for the project involved, and the  
27 contractor may purchase materials for incorporation in such project. The  
28 contractor shall furnish the number of such certificate to all suppliers from  
29 whom such purchases are made, and such suppliers shall execute invoices  
30 covering the same bearing the number of such certificate. Upon  
31 completion of the project, the contractor shall furnish to such organization  
32 concerned a sworn statement, on a form to be provided by the director of  
33 taxation, that all purchases so made were entitled to exemption under this  
34 subsection. All invoices shall be held by the contractor for a period of five  
35 years and shall be subject to audit by the director of taxation. If any  
36 materials purchased under such a certificate are found not to have been  
37 incorporated in such facilities or not to have been returned for credit or the  
38 sales or compensating tax otherwise imposed upon such materials that will  
39 not be so incorporated in such facilities reported and paid by such  
40 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
41 following the close of the month in which it shall be determined that such  
42 materials will not be used for the purpose for which such certificate was  
43 issued, such organization concerned shall be liable for tax on all materials

1 purchased for the project, and upon payment thereof it may recover the  
2 same from the contractor together with reasonable attorney fees. Any  
3 contractor or any agent, employee or subcontractor thereof, who purchased  
4 under such a certificate for any purpose other than that for which such a  
5 certificate is issued without the payment of the sales or compensating tax  
6 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
7 and, upon conviction therefor, shall be subject to the penalties provided for  
8 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
9 subsection shall expire and have no effect on and after July 1, 2019; ~~and~~

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

15 *(nnnn) all sales of tangible personal property or services purchased*  
16 *by or on behalf of a not-for-profit corporation that is designated an area*  
17 *agency on aging by the secretary for aging and disabilities services and is*  
18 *exempt from federal income taxation pursuant to section 501(c)(3) of the*  
19 *federal internal revenue code for the purpose of coordinating and*  
20 *providing seniors and those living with disabilities with services that*  
21 *promote person-centered care, including home-delivered meals,*  
22 *congregate meal settings, long-term case management, transportation,*  
23 *information, assistance and other preventative and intervention services to*  
24 *help service recipients remain in their homes and communities or for the*  
25 *purpose of constructing, equipping, reconstructing, maintaining,*  
26 *repairing, enlarging, furnishing or remodeling facilities for such area*  
27 *agency on aging, and all sales of tangible personal property or services*  
28 *purchased by a contractor for the purpose of constructing, equipping,*  
29 *reconstructing, maintaining, repairing, enlarging, furnishing or*  
30 *remodeling facilities for an area agency on aging that would be exempt*  
31 *from taxation under the provisions of this section if purchased directly by*  
32 *such area agency on aging. Nothing in this subsection shall be deemed to*  
33 *exempt the purchase of any construction machinery, equipment or tools*  
34 *used in the constructing, equipping, reconstructing, maintaining,*  
35 *repairing, enlarging, furnishing or remodeling facilities for an area*  
36 *agency on aging. When an area agency on aging contracts for the purpose*  
37 *of constructing, equipping, reconstructing, maintaining, repairing,*  
38 *enlarging, furnishing or remodeling facilities, it shall obtain from the state*  
39 *and furnish to the contractor an exemption certificate for the project*  
40 *involved, and such contractor may purchase materials for incorporation*  
41 *in such project. The contractor shall furnish the number of such certificate*  
42 *to all suppliers from whom such purchases are made, and such suppliers*  
43 *shall execute invoices covering the same bearing the number of such*

1 certificate. Upon completion of the project, the contractor shall furnish to  
2 such area agency on aging a sworn statement, on a form to be provided by  
3 the director of taxation, that all purchases so made were entitled to  
4 exemption under this subsection. All invoices shall be held by the  
5 contractor for a period of five years and shall be subject to audit by the  
6 director of taxation. If any materials purchased under such a certificate  
7 are found not to have been incorporated in the building or other project or  
8 not to have been returned for credit or the sales or compensating tax  
9 otherwise imposed upon such materials that will not be so incorporated in  
10 the building or other project reported and paid by such contractor to the  
11 director of taxation not later than the 20<sup>th</sup> day of the month following the  
12 close of the month in which it shall be determined that such materials will  
13 not be used for the purpose for which such certificate was issued, the area  
14 agency on aging concerned shall be liable for tax on all materials  
15 purchased for the project, and upon payment thereof it may recover the  
16 same from the contractor together with reasonable attorney fees. Any  
17 contractor or any agent, employee or subcontractor thereof, who shall use  
18 or otherwise dispose of any materials purchased under such a certificate  
19 for any purpose other than that for which such a certificate is issued  
20 without the payment of the sales or compensating tax otherwise imposed  
21 upon such materials, shall be guilty of a misdemeanor and, upon  
22 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
23 79-3615(h), and amendments thereto. Sales tax paid on and after July 1,  
24 2019, but prior to the effective date of this act, upon the gross receipts  
25 received from any sale that would have been exempted by the provisions of  
26 this subsection had such sale occurred after the effective date of this act  
27 shall be refunded. Each claim for a sales tax refund shall be verified and  
28 submitted to the director of taxation upon a form furnished by the director  
29 and shall be accompanied by any additional documentation required by  
30 the director. The director shall review each claim and shall refund that  
31 amount of sales tax paid as determined under the provisions of this  
32 subsection. All refunds shall be paid from the sales tax refund fund upon  
33 warrants of the director of accounts and reports pursuant to vouchers  
34 approved by the director or the director's designee.

35 Sec. 2. K.S.A. 79-3606 is hereby repealed.

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