

**{As Amended by House Committee of the Whole}**

*Session of 2022*

**House Substitute for SENATE BILL No. 347**

By Committee on Commerce, Labor and Economic Development

2-7

1 AN ACT concerning economic development; enacting the attracting  
2 powerful economic expansion act; relating to tax and other incentives  
3 for projects in specified industries or for a national corporate  
4 headquarters with specified capital investment requirements of at least  
5 \$1,000,000,000; providing for a refundable income, privilege and  
6 premium tax credit for a portion of such investment; reimbursement of  
7 certain payroll costs and training and education costs; retention of  
8 certain payroll withholding taxes; sales tax exemption for project  
9 construction; adjusting the income tax on corporations by reducing the  
10 rate by 0.5% after a firm enters into an agreement under this act;  
11 limiting the number of agreements under this act with a qualified firm  
12 to one per year for two years; requiring state finance council approval  
13 of agreements **{and certain benefit provisions}**; providing for reports  
14 to legislative committees; establishing the attracting powerful economic  
15 expansion payroll incentive fund, the attracting powerful economic  
16 expansion new employee training and education fund and the attracting  
17 powerful economic expansion Kansas residency incentive fund;  
18 amending K.S.A. 79-32,110 and K.S.A. 2021 Supp. 79-3606 and  
19 repealing the existing sections.

20

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

22 New Section 1. (a) This act shall be known and may be cited as the  
23 attracting powerful economic expansion act.

24 (b) For purposes of the attracting powerful economic expansion act:

25 (1) "Act" means the attracting powerful economic expansion act,  
26 sections 1 through 14, and amendments thereto.

27 (2) "Applicant" means a legal entity seeking to certify as a qualified  
28 firm for the economic development benefits pursuant to this act.

29 (3) "Commence investment" means to begin to invest, with action  
30 being directly connected to documentation describing the project  
31 previously submitted to the department.

32 (4) "Commencement of commercial operations" means the date, as  
33 determined by the secretary, that the qualified business facility is first  
34 available for use by the qualified firm, or first capable of being used by the  
35 qualified firm, in the revenue producing enterprise in which the qualified  
36 firm intends to use the qualified business facility.

1 (5) "Commitment to invest" means one or both of the following:

2 (A) The qualified firm relocates assets that it already owns to Kansas  
3 from an out-of-state location; or

4 (B) the qualified firm enters into a written agreement that provides  
5 either party with legally enforceable remedies if the agreement is  
6 breached.

7 (6) "Construction" means construction, reconstruction, enlarging or  
8 remodeling for the purpose of constructing a qualified business facility.

9 (7) "Department" means the Kansas department of commerce.

10 (8) "Headquarters" means a qualified business facility that meets the  
11 following conditions:

12 (A) The main activity at the qualified business facility is providing  
13 direction, management, or administrative support for the operation of  
14 multiple company-owned worksites or facilities in which the applicant  
15 company has an ownership interest greater than 50%; and

16 (B) the qualified business facility is capable of being geographically  
17 located anywhere.

18 (9) "New employee" means a qualified business facility employee  
19 who is newly employed by the qualified firm or qualified supplier in the  
20 qualified firm or qualified supplier's business operating in Kansas during  
21 the taxable year for which benefits are sought. Qualified business facility  
22 employees performing functions directly related to a relocating,  
23 expanding, or new business facility, office, department or other operation  
24 shall be considered "new employees."

25 (10) "On-the-job training" means training situations during which a  
26 product or service that can be sold or used in internal operations is  
27 generated.

28 (11) "Qualified business facility" means a facility as defined in  
29 subparagraph (C) that satisfies the requirements of subparagraphs (A) and  
30 (B):

31 (A) Such facility is for use by the qualified firm or qualified supplier  
32 in the operation of a revenue producing enterprise, as defined in this  
33 section. Such facility shall not be considered a "qualified business facility"  
34 in the hands of the qualified firm or qualified supplier if the qualified  
35 firm's or qualified supplier's only activity with respect to such facility is to  
36 lease it to another person or persons. If the qualified firm or qualified  
37 supplier employs only a portion of such facility in the operation of a  
38 revenue producing enterprise, and leases another portion of such facility to  
39 another person or persons or does not otherwise use such other portions in  
40 the operation of a revenue producing enterprise, the portion employed by  
41 the qualified firm or qualified supplier in the operation of a revenue  
42 producing enterprise shall be considered a "qualified business facility," if  
43 the requirements of subparagraph (B) are satisfied.

1 (B) If such facility was acquired or leased by the qualified firm from  
2 another person or persons, the facility was not used, either immediately  
3 prior to the transfer of title to the qualified firm, or to the commencement  
4 of the term of the lease to the qualified firm, by any other person or  
5 persons in the operation of a revenue producing enterprise that is the same  
6 or substantially the same as the revenue producing enterprise continued by  
7 the qualified firm at the facility.

8 (C) "Facility" means any factory, mill, plant, refinery, warehouse,  
9 building or complex of buildings located within the state, including the  
10 land on which such facility is located and all machinery, equipment and  
11 other real and tangible personal property located at or within such facility  
12 used in connection with the operation of such facility. "Building" means  
13 only structures within which individuals are customarily employed or that  
14 are customarily used to house machinery, equipment or other property.

15 (12) (A) "Qualified business facility employee" means an individual  
16 employed by a qualified firm or a qualified supplier at a qualified business  
17 facility project site, employed full-time and scheduled to work for an  
18 average minimum of 30 hours per week, employed for at least three  
19 consecutive months on the last day of the period covered by a Kansas  
20 department of labor quarterly wage report and unemployment tax return.

21 (B) "Qualified business facility employee" does not include an  
22 employee at a qualified business facility project site who has not been  
23 employed for three consecutive months.

24 (13) "Qualified business facility investment" or "qualified  
25 investment" means the value of the real and tangible personal property,  
26 except inventory or property held for sale to customers in the ordinary  
27 course of the qualified firm's or qualified supplier's business, that  
28 constitutes the qualified business facility, or that is used by the qualified  
29 firm or qualified supplier in the operation of the qualified business facility,  
30 including such property used for administrative or managerial functions,  
31 during the taxable years for which the credit allowed by sections 2 and 3,  
32 and amendments thereto, is claimed. "Qualified business facility  
33 investment" does not include any building, land, or other real or tangible  
34 personal property that is granted, leased or transferred to the qualified firm  
35 without cost to the qualified firm. Real or tangible personal property that is  
36 **{granted,}** leased or transferred to the qualified firm at a cost of less than  
37 fair market value shall be reduced in value, for purposes of calculating the  
38 qualified business facility investment, by the difference in cost to the  
39 qualified firm and fair market value. The value of such property during  
40 such taxable year shall be:

41 (A) Such property's original cost if owned by the qualified firm or  
42 qualified supplier; or

43 (B) eight times the net annual rental rate, if leased by the qualified

1 firm or qualified supplier. The net annual rental rate shall be the annual  
2 rental rate paid by the qualified firm or qualified supplier less any annual  
3 rental rate received by the qualified firm or qualified supplier from  
4 subrentals. The "qualified business facility investment" shall be  
5 determined by dividing by 12 the sum of the total value of such property  
6 on the last business day of each calendar month of the taxable year.  
7 Notwithstanding the provisions of this paragraph, for the purpose of  
8 computing the credit allowed by section 3, and amendments thereto, in the  
9 case of a "qualified business facility investment" in a qualified business  
10 facility that existed and was operated by the qualified firm or qualified  
11 supplier or a related taxpayer prior to the investment, the amount of the  
12 qualified firm's or qualified supplier's investment shall be computed as  
13 follows: Such investment amount shall be reduced by the average amount,  
14 computed as provided in this paragraph, of the investment of the qualified  
15 firm or qualified supplier or a related taxpayer in the facility for the  
16 taxable year preceding the taxable year in which the "qualified business  
17 facility investment" was made in the facility.

18 (14) (A) "Qualified firm" means a for-profit business establishment,  
19 subject to state income, sales or property taxes, that is:

20 (i) Engaged in one or more of the following industries, as defined by  
21 the secretary of commerce:

- 22 (a) Advanced manufacturing;
- 23 (b) aerospace;
- 24 (c) distribution, logistics and transportation;
- 25 (d) food and agriculture; or
- 26 (e) professional and technical services;

27 (ii) engaged in any industry or revenue-producing activity if seeking  
28 benefits with respect to a qualified business facility that is the national  
29 corporate headquarters of the for-profit business establishment.

30 (B) Notwithstanding clauses (i) and (ii), "qualified firm" does not  
31 include a business establishment engaged in mining, swine production,  
32 ranching or gaming.

33 (15) "Qualified supplier" means any business that is a supplier of  
34 components, sub-assemblies, chemicals or other process-related tangible  
35 goods, is located in Kansas and that is owned by:

36 (A) An individual, any partnership, association, limited liability  
37 corporation or corporation domiciled in Kansas; or

38 (B) any business, including any business owned by an individual, any  
39 partnership, association, limited liability corporation or corporation, even  
40 if the business is a wholly owned subsidiary of a foreign corporation, that  
41 operates the qualified supplier in the state of Kansas for the purpose of  
42 supplying a qualified firm.

43 (16) "Revenue producing enterprise" means an enterprise that creates

1 revenue subject to potential tax liability in this state.

2 (17) "Secretary" means the secretary of commerce.

3 (18) (A) "Total payroll cost" means the payroll amount defined by the  
4 Kansas department of labor as total wages on the quarterly wage report  
5 and unemployment tax return. For a qualified business facility, "total  
6 payroll cost" during the appropriate measurement period may be combined  
7 with any pretax earnings in which an employee has elected to direct to a:

8 (i) Flexible-spending plan;

9 (ii) deferred compensation plan; or

10 (iii) retirement plan that includes earnings the employee would  
11 otherwise have received in the form of taxable wages had it not been for  
12 the voluntary deferral.

13 (B) "Total payroll cost" does not include company-paid costs for  
14 health insurance, dental insurance and any other employee benefits that are  
15 not reported to the Kansas department of labor on the employer's quarterly  
16 wage report and unemployment tax return.

17 (19) "Training and education eligible expense" means the amount  
18 actually paid for training and education of the group of employees, or  
19 portion thereof, and from which the qualified firm or qualified supplier  
20 expects to derive increased productivity or quality.

21 (A) "Training and education eligible expense" includes instructor  
22 salaries, curriculum planning and development, travel, materials and  
23 supplies, textbooks, manuals, minor training equipment, certain training  
24 facility costs and any other expenditure that is eligible under the Kansas  
25 industrial training or the Kansas industrial retraining programs.

26 (B) "Training and education eligible expense" may include, subject to  
27 maximum limits determined by the secretary:

28 (i) Wages of employees during eligible training;

29 (ii) employee instructors' salaries; and

30 (iii) training-related travel expenses, with a maximum meals  
31 allowance of ~~\$120~~ **{\$60}** per day and lodging costs of ~~\$300~~ **{\$150}** per  
32 night.

33 (C) "Training and education eligible expense" does not include:

34 (i) Compensation paid to an employee trainee who is receiving on-  
35 the-job training;

36 (ii) compensation paid to an employee during self-training, except for  
37 time in which the employee is involved in activities related to an approved  
38 computerized course of study;

39 (iii) bonus pay received as compensation related to the company's  
40 financial performance or the employee's job performance, or both;

41 (iv) overtime pay, unless the employee is being paid at an overtime  
42 rate while participating in eligible training;

43 (v) operations manuals and reference manuals, except that training-

1 specific manuals may be allowable; and

2 (vi) training and education costs covered by monies or grants  
3 obtained from state, federal or other government-sponsored workforce  
4 training programs.

5 New Sec. 2. (a) There is hereby established the attracting powerful  
6 economic expansion program to be administered by the secretary of  
7 commerce. The purpose of the attracting powerful economic expansion  
8 program is to attract large capital investments by businesses engaged in  
9 specified industries in new business facilities and operations in Kansas, or  
10 large capital investments in new national headquarters in Kansas by any  
11 business, and to encourage the development of a Kansas-based supply  
12 chain for such large enterprises.

13 (b) A qualified firm that makes a qualified business facility  
14 investment of at least \$1,000,000,000 in a qualified business facility  
15 pursuant to the requirements of this act may be eligible for the following  
16 incentives as approved by the secretary:

17 (1) The investment tax credit pursuant to section 3, and amendments  
18 thereto;

19 (2) reimbursement of a percentage of total payroll, pursuant to  
20 sections 5 and 6, and amendments thereto;

21 (3) reimbursement of a percentage of eligible employee training and  
22 education expense pursuant to sections 7 and 8, and amendments thereto;

23 and

24 (4) a sales tax exemption for construction costs of the qualified  
25 business facility pursuant to K.S.A. 79-3606, and amendments thereto, and  
26 section 9, and amendments thereto};**and**

27 **(5) reimbursement of a percentage of relocation expenses and**  
28 **incentives for relocation of employees to Kansas pursuant to sections**  
29 **12 and 13, and amendments thereto}.**

30 (c) To be eligible to receive an incentive listed in subsection (b), a  
31 qualified firm shall meet the requirements of this act, including any  
32 requirements or provisions specific to each such incentive, and any rules  
33 and regulations of the secretary pursuant to this act and shall:

34 (1) Submit an application to the secretary in the form and manner  
35 prescribed by the secretary and including all information as required by the  
36 secretary;

37 (2) if requested by the secretary, prior to making a commitment to  
38 invest in a qualified business facility, submit a certificate of intent to invest  
39 in the qualified business facility to the secretary in the form and manner  
40 required by the secretary, including, if requested by the secretary, a date  
41 investment will commence;

42 (3) commit to a qualified business investment of at least  
43 \$1,000,000,000 in the qualified business facility to be completed within

1 five years of the commitment to invest on such date specified in the  
2 agreement pursuant to paragraph (5);

3 (4) complete the project and commence commercial operations within  
4 five years of either the commitment to invest or the date of the agreement  
5 with the secretary made pursuant to this section, as designated by the  
6 secretary and on such date as specified in the agreement pursuant to  
7 paragraph (5);

8 (5) if the application is approved by the secretary, enter into a binding  
9 agreement with the secretary with such terms and conditions as required  
10 by the secretary and including the commitments required by this act. The  
11 agreement shall be entered into before any benefits may be provided under  
12 this act. The agreement shall be subject to the approval of the state finance  
13 council as provided in subsection (e). The secretary shall not enter into an  
14 agreement with more than one qualified firm in calendar year 2022 and  
15 shall not enter into an agreement with more than one qualified firm in  
16 calendar year 2023. The secretary shall not enter into an agreement with  
17 any qualified firm after December 31, 2023;

18 (6) obtain and submit a bond to the secretary if required as follows:  
19 The secretary shall determine a minimum investment grade rating  
20 requirement for each project of a qualified firm seeking benefits under this  
21 act. In determining the minimum investment grade rating, the secretary  
22 shall consider the aspects of the qualified firm and the qualified business  
23 facility or project and shall consult ratings from three nationally  
24 recognized rating agencies selected by the secretary that provide  
25 investment grade ratings. A qualifying firm or qualifying business facility  
26 that does not meet the minimum investment grade rating determined by the  
27 secretary shall obtain and submit a bond in an amount, as determined by  
28 the secretary, of the costs associated with the primary construction of the  
29 building or buildings of the qualified business facility to a degree of  
30 completion specified by the secretary. The bond shall be paid to the state  
31 if, in the judgment of the secretary, the qualified business facility has not  
32 been constructed to the degree specified; and

33 (7) commit to repayment of any benefit or benefits received,  
34 connected to or associated with a term or a condition of the agreement that  
35 has been breached as determined by the secretary and to the forfeiture of  
36 any such earned benefits and the suspension or cessation of such future  
37 benefits for as long as the breach is not corrected. The secretary shall  
38 report any material breach of the terms and conditions of the agreement to  
39 the state finance council within 14 calendar days of the secretary first  
40 becoming aware of such breach.

41 (d) A qualified supplier, that meets the requirements of paragraphs (1)  
42 and (2), as determined by the secretary, may be eligible for the incentives  
43 listed in subsection (b)(1), (3) or (4) or a partial retention of payroll

1 withholding taxes for employees as provided by section 4, and  
2 amendments thereto, upon designation by a qualified firm as eligible for  
3 incentives pursuant to paragraph (1). No benefits under sections 4 or 7,  
4 and amendments thereto, shall be awarded to the qualified supplier until  
5 the commencement of such qualified firm's operations at the qualified  
6 business facility, as determined by the secretary. If the qualified business  
7 facility fails to commence operations as required by subsection (c)(4), all  
8 incentives that may have been awarded to the qualified supplier under this  
9 act shall be forfeited and the qualified supplier shall cease to be eligible for  
10 further benefits until the requirements of this act are met with respect to  
11 the same qualified firm that has entered into a new agreement with the  
12 secretary or a different qualified firm. To be eligible to receive benefits, a  
13 qualified supplier shall meet the requirements of this act, including any  
14 requirements or provisions specific to each such incentive, and any rules  
15 and regulations of the secretary pursuant to this act and shall:

16 (1) Be selected by the qualified firm as a qualified supplier eligible to  
17 receive incentives under this act and identified to the secretary of  
18 commerce. Not more than five qualified suppliers may be selected by any  
19 one qualified firm. Such selection shall not be changed unless a qualified  
20 supplier selected by the qualified firm breaches the terms of an agreement  
21 under this act and is disqualified by the secretary. In such case, the  
22 qualified firm may select a replacement qualified supplier;

23 (2) within each period of one year for which incentives may be  
24 earned, beginning with the year in which the qualified supplier was  
25 designated as eligible for benefits by the qualified firm, have made sales,  
26 as defined by the secretary, of more than \$10,000,000 to the qualified  
27 business facility. This requirement may be waived by the secretary upon a  
28 showing of exceptional circumstances;

29 (3) submit an application to the secretary, in the form and manner as  
30 designated by the secretary, and provide all information requested by the  
31 secretary, including, but not limited to, evidence establishing sales of more  
32 than \$10,000,000 to the qualified firm for the qualified business facility as  
33 required by paragraph (2). The qualified firm shall submit evidence to the  
34 secretary as requested regarding the date operations at the qualified  
35 business facility commenced and the sales to the qualified business facility  
36 by the qualified supplier;

37 (4) if the application is approved by the secretary, enter into a binding  
38 agreement with the secretary with such terms and conditions as required  
39 by the secretary and the commitments required by this act, including, but  
40 not limited to, providing the secretary with evidence showing the amount  
41 of sales to the qualified firm for each year that an incentive is claimed. The  
42 agreement shall be entered into before any benefits may be provided under  
43 this act. The agreement shall be subject to the approval of the state finance



1 council, as provided in subsection (e); and

2 (5) commit to repayment of the amount of all benefits received under  
3 this act in the event the qualified supplier breaches the terms and  
4 conditions of the agreement entered into pursuant to paragraph (4).

5 (e) Any agreement with a qualified firm or qualified supplier pursuant  
6 to this section shall not be effective unless reviewed and approved by the  
7 affirmative vote of the governor and by a majority vote of the legislative  
8 members of the state finance council prior to the finalization of the  
9 agreement by the secretary. If the state finance council does not approve  
10 the agreement, the secretary shall not enter into the agreement, but may  
11 negotiate further with the firm and submit another proposed agreement for  
12 review and approval by the council, until an agreement approved by the  
13 council is finally executed or the secretary or the firm discontinues  
14 negotiations. The state finance council shall also affirmatively approve,  
15 **prior to the finalization of an agreement by the secretary,** any increase  
16 of the total payroll benefit percentage, provided pursuant to section 5, and  
17 amendments thereto, to be allowed a qualified firm above 7.5%, or such  
18 percentage greater than 7.5% shall not be effective. **{Prior to the**  
19 **finalization of an agreement by the secretary, the state finance council**  
20 **shall also affirmatively approve any additional portions or**  
21 **installments of the investment tax credit as provided by section 5(h),**  
22 **and amendments thereto, otherwise such increase in the portions or**  
23 **installments shall not be effective.}** This matter is hereby characterized  
24 as a matter of legislative delegation and subject to the guidelines  
25 prescribed in K.S.A. 75-3711c, and amendments thereto, except that the  
26 state finance council is expressly granted the authority to act on this matter  
27 at any time, including when the legislature is in session. The secretary of  
28 commerce or any officer or employee of the department of commerce shall  
29 appear before the state finance council to provide testimony if requested  
30 by the state finance council. Notwithstanding the provisions of the Kansas  
31 open meetings act, any review, testimony or discussion of a proposed  
32 agreement shall not be open to the public. A vote on approval of an  
33 agreement shall be made in open session. However, the details of a  
34 proposed agreement need not be disclosed publicly. With respect to the  
35 state finance council, the proposed agreement, and any associated  
36 documentation or testimony pertaining to the proposed agreement, shall be  
37 confidential and shall not be subject to the Kansas open records act. The  
38 fact that a proposed agreement or its terms or associated documents or  
39 testimony has been referenced or reviewed by the state finance council  
40 shall not make the agreement or associated documents or testimony  
41 subject to the Kansas open records act with respect to any other agency.  
42 The provisions of this paragraph providing for confidentiality of records  
43 shall expire on July 1, 2027, unless the legislature acts to reenact such

1 provisions pursuant to K.S.A. 45-229, and amendments thereto.

2 (f) A qualified firm or qualified supplier that is approved by the  
3 secretary for incentives under this act shall not be eligible for participation  
4 in any other economic development program or fund administered by the  
5 secretary of commerce, including, but not limited to, the STAR bond  
6 program, the promoting employment across Kansas program, the high  
7 performance incentive program or the Kansas industrial training or Kansas  
8 industrial retraining programs.

9 (g) As a condition of receiving an incentive under this act, a qualified  
10 firm or qualified supplier shall agree to cooperate with any audit  
11 undertaken by the secretary of revenue as provided by subsection (i) and to  
12 provide the secretary of commerce:

13 (1) Information required for publication in the economic development  
14 incentive program information database pursuant to K.S.A. 2021 Supp. 74-  
15 50,226, and amendments thereto;

16 (2) information reasonably required for the secretary's report pursuant  
17 to section 10, and amendments thereto;

18 (3) information required by the secretary of commerce or the  
19 secretary of revenue pursuant to subsections (h) and (i); and

20 (4) reasonable access by the secretary or the secretary's agents to the  
21 qualified business facility during business hours.

22 (h) (1) The secretary shall conduct an annual review of the activities  
23 undertaken by a qualified firm or qualified supplier to ensure that the  
24 qualified firm or qualified supplier remains in good standing with the state  
25 and in compliance with the provisions of this act, any rules and regulations  
26 adopted by the secretary with respect to this act and any agreement entered  
27 into pursuant to this act and continues to meet the requirements for the  
28 benefits provided under this act. The secretary of commerce shall certify  
29 annually to the secretary of revenue that the qualified firm **{or qualified  
30 supplier}** meets the criteria for designation as a qualified firm **{or  
31 qualified supplier}** and is eligible for such benefits. The secretary of  
32 commerce may obtain any and all information reasonably necessary to  
33 determine such eligibility. Such information shall be confidential to the  
34 same extent as information provided to the secretary to determine  
35 eligibility pursuant to K.S.A. 74-50,131, and amendments thereto.

36 (2) Confidential financial information, any trade secret or other  
37 information that, if known, would place the qualified firm at a  
38 disadvantage in the marketplace or would significantly interfere with the  
39 purposes of this act in the judgment of the secretary that is obtained under  
40 this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et  
41 seq., and amendments thereto, but shall upon request be made available to  
42 the legislative post audit division. The provisions of this paragraph shall  
43 expire on July 1, 2027, unless the legislature reviews and reenacts such

1 provisions pursuant to K.S.A. 45-229, and amendments thereto.

2 (i) The books and records concerning investments made, sales,  
3 employment and wages of any employees for which the qualified firm,  
4 qualified supplier or third party has retained any Kansas payroll  
5 withholding taxes or any other financial, employee or other records that  
6 pertain to eligibility for benefits or compliance with the requirements of  
7 this act shall be available for inspection by the secretary or the secretary's  
8 duly authorized agents or employees during business hours on at least 10  
9 days' prior written notice. The secretary may request the department of  
10 revenue to audit the qualified firm or qualified supplier, or a third party if  
11 applicable, for compliance with the provisions of this act.

12 (j) The secretary of revenue, in consultation with the secretary of  
13 commerce, shall develop a form that shall be completed annually by any  
14 qualified firm or qualified supplier that received any tax benefit pursuant  
15 to this section and section 3 or 4, and amendments thereto. Such form shall  
16 request, at a minimum, the information required by K.S.A. 79-32,243(a)(1)  
17 through (a)(6), and amendments thereto, and such other information as  
18 shall reasonably be required by the secretary of revenue and the secretary  
19 of commerce. The contents of the completed form shall be confidential  
20 except as provided in K.S.A. 79-3234, and amendments thereto.

21 (k) (1) In addition to the provisions of subsection (c)(7) and any other  
22 repayment requirement pursuant to this act, as a condition of receiving  
23 benefits under this act, a qualified firm that relocates its qualified business  
24 facility operations outside this state in the 10<sup>th</sup> through the 15<sup>th</sup> year next  
25 following the year the qualified firm entered into the agreement with the  
26 secretary pursuant to subsection (c)(5), shall be subject to a benefit  
27 repayment requirement to the state in the amount of:

28 (A) 100% of all benefits received if the relocation occurs in the 11<sup>th</sup>  
29 year;

30 (B) 80% of all benefits received if the relocation occurs in the 12<sup>th</sup>  
31 year;

32 (C) 60% of all benefits received if the relocation occurs in the 13<sup>th</sup>  
33 year;

34 (D) 40% of all benefits received if the relocation occurs in the 14<sup>th</sup>  
35 year; and

36 (E) 20% of all benefits received if the relocation occurs in the 15<sup>th</sup>  
37 year.

38 (2) The amount due to the state shall be paid pursuant to a repayment  
39 schedule and with interest as determined by the secretary and set forth in  
40 the agreement pursuant to subsection (c)(5), but in no event shall be paid  
41 in more than 10 years.

42 (3) The benefit repayment requirement shall be waived if the  
43 qualified firm sells the qualified business facility to another business and

1 the operations of the qualified business facility are substantially continued  
2 in this state by such business, as determined by the secretary of commerce.

3 (1) The secretary of commerce or the secretary of revenue may adopt  
4 rules and regulations for the implementation of this act.

5 New Sec. 3. (a) (1) For taxable years commencing after December  
6 31, 2021, a qualified firm that makes a qualified business investment in a  
7 qualified business facility and meets the requirements of section 2, and  
8 amendments thereto, and of this section shall be allowed a credit for such  
9 investment as provided by this section against the tax imposed by the  
10 Kansas income tax act, the premium tax or privilege fees imposed  
11 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
12 measured by the net income of financial institutions imposed pursuant to  
13 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
14 thereto. The credit shall be earned by the taxpayer each taxable year based  
15 on the amount of the qualified investment made in that taxable year as  
16 further provided in this section. The amount of the credit that is earned  
17 each taxable year shall not be claimed by the taxpayer in the taxable year  
18 that such credit is earned but shall be divided into 10 equal portions or  
19 installments. A  $\frac{1}{10}$  portion or installment shall be claimed by the qualified  
20 firm commencing with the taxable year after the credit is earned and an  
21 equivalent amount of such portion or installment, respectively, shall be  
22 claimed in each of the next successive nine taxable years.

23 (2) The amount of the tax credit earned in a taxable year pursuant to  
24 this subsection shall be up to 15%, at the discretion of the secretary, of the  
25 amount of the qualified investment that is invested during such taxable  
26 year. In determining such percentage, the secretary shall consider factors  
27 including the extent of prospective new employment, the quality of new  
28 jobs and wage or salary levels, the total amount of investment, the  
29 potential for development of the industry in this state and the potential for  
30 ancillary industry development and indirect economic development. The  
31 secretary shall also consider factors pursuant to subsection (d). Such  
32 percentage shall be set forth in the agreement pursuant to section 2, and  
33 amendments thereto. The total qualified investment shall be completed  
34 within five years commencing from the date specified in such agreement.  
35 The total amount of the qualified investment shall be at least  
36 \$1,000,000,000. The qualified firm shall repay to the state all tax credits  
37 received if the total qualified investment is not completed.

38 (b) (1) For taxable years commencing after December 31, 2021, a  
39 qualified supplier that makes a qualified investment and meets the  
40 requirements of section 2, and amendments thereto, and of this section  
41 shall be allowed a credit for such investment as provided by this section  
42 against the tax imposed by the Kansas income tax act, the premium tax or  
43 privilege fees imposed pursuant to K.S.A. 40-252, and amendments

1 thereto, or the privilege tax as measured by the net income of financial  
2 institutions imposed pursuant to article 11 of chapter 79 of the Kansas  
3 Statutes Annotated, and amendments thereto. The credit shall be earned by  
4 the taxpayer for up to two calendar years from the date that the qualified  
5 supplier enters into the agreement with the secretary of commerce  
6 pursuant to section 2, and amendments thereto, unless all qualifying  
7 investment that is intended by the qualified supplier is completed before  
8 this date. The credit shall be taken in the earlier taxable year that would  
9 include either:

10 (A) The tax year following the two-calendar year expiration from  
11 entering into the agreement with the secretary; or

12 (B) the tax year after the calendar year that the qualified supplier  
13 determines completion of the tax credit eligible qualified investment.

14 (2) The amount of the tax credit shall be 5% for the first \$50,000,000  
15 in qualified investment and an additional 1% credit for each additional  
16 \$10,000,000 in qualified investment up to a maximum of \$100,000,000 in  
17 qualified investment. The amount of the credit that is earned shall be  
18 divided into ten equal portions or installments. A  $\frac{1}{10}$  portion or installment  
19 shall first be claimed commencing with the time frame set forth in  
20 paragraph (1). Such remaining portions or installments shall be claimed in  
21 each of the next successive nine taxable years.

22 (3) Only the first five qualified suppliers designated by a qualified  
23 firm pursuant to section 2, and amendments thereto, shall qualify for the  
24 credit unless a previously designated qualified supplier breaches terms of  
25 an agreement with either the qualified firm or department of commerce  
26 and is replaced by a succeeding qualified supplier. The qualified supplier  
27 that serves as replacement shall be eligible for the tax credit pursuant to  
28 this subsection.

29 (4) The qualified supplier shall repay to the state all tax credits  
30 received if the total qualified investment is not completed as provided  
31 pursuant to section 2, and amendments thereto.

32 (c) The secretary of commerce shall set forth in the agreement  
33 entered into pursuant to section 2, and amendments thereto, a percentage  
34 of the earned tax credit that may be refundable when claimed, as provided  
35 in subsection (a) or (b). The percentage shall be determined as provided in  
36 subsection (d). Such percentage of a tax credit installment may be  
37 refundable to such taxpayer if the amount of the installment claimed for  
38 that taxable year exceeds the taxpayer's tax liability for such year. The  
39 secretary shall set forth in the agreement any additional provisions, if  
40 necessary, regarding disposition of the earned tax credits. No earned tax  
41 credit shall be refundable after the tenth successive taxable year period that  
42 a portion or installment of such credit may be claimed. An installment  
43 portion of an earned tax credit that is not refunded shall be carried forward

1 for application first against the taxpayer's tax liability in the next  
2 successive tax year or for refund, as the case may be, within the ten  
3 taxable year period. An installment portion of an earned tax credit that has  
4 not been applied against the taxpayer's tax liability or refunded at the end  
5 of the tenth successive taxable year period that installment portions of such  
6 earned tax credit may be claimed shall be forfeited.

7 (d) The base percentage that may be refundable in each taxable year  
8 of the  $\frac{1}{10}$  portion of an earned tax credit that may be claimed, as provided  
9 by subsection (a), shall be 50%. The secretary may provide for an  
10 additional percentage that may be refundable up to 100% of the total  
11 eligible earned credit. The secretary shall base the additional percentage on  
12 the qualified firm meeting specified goals that shall be set forth in the  
13 agreement. Such goals shall include targets for the:

- 14 (1) Creation of new jobs, including new jobs for suppliers;
- 15 (2) benefit to the local, regional or state economy, including the  
16 development of suppliers in Kansas;
- 17 (3) amount of capital investment;
- 18 (4) benefit to the development of the qualified firm's industry in  
19 Kansas;
- 20 (5) other measures or goals, if any, of the secretary consistent with the  
21 purposes of this act; and
- 22 (6) employment, retention and attraction of employees to remain  
23 residents of, or relocate to, Kansas.

24 (e) The qualified firm or qualified supplier shall meet the  
25 requirements of this act, any rules and regulations of the secretary of  
26 commerce under this act and the terms of the agreement to receive a credit  
27 each year that a credit is earned or an installment portion of the earned  
28 credit is claimed. No credit shall be issued by the secretary of revenue  
29 unless the qualified firm or qualified supplier has been certified by the  
30 secretary of commerce as eligible as provided by section 2, and  
31 amendments thereto, for each taxable year the credit is claimed. The  
32 secretary of commerce shall provide such certifications to the secretary of  
33 revenue.

34 (f) If the qualified firm or qualified supplier breaches the terms and  
35 conditions of the agreement pursuant to section 2, and amendments  
36 thereto, the qualified firm or qualified supplier shall be liable for  
37 repayment of the amount of the tax credits to the state as provided by  
38 section 2, and amendments thereto.

39 (g) As a condition for claiming credits pursuant to this section, any  
40 qualified firm or qualified supplier shall provide information pursuant to  
41 K.S.A. 79-32,243, and amendments thereto, as part of the tax return in  
42 which such credits are claimed. Such credits shall not be denied solely on  
43 the basis of the contents of the information provided by the qualified firm

1 pursuant to K.S.A. 79-32,243, and amendments thereto.

2 **{(h) Prior to finalization of an agreement pursuant to section 2,**  
3 **and amendments thereto, the state finance council may allow for a**  
4 **qualified firm or qualified supplier to be allowed to take one or more**  
5 **additional portions or installments of the tax credit that such qualified**  
6 **firm or qualified supplier is entitled pursuant to this subsection, as**  
7 **provided in section 2(e), and amendments thereto. No additional**  
8 **portions or installments of the tax credit shall be allowed in any**  
9 **taxable year unless the requested increase in the portions or**  
10 **installments has been so reviewed and approved by the affirmative**  
11 **vote of the governor and by a majority vote of the legislative members**  
12 **of the state finance council. This matter is hereby characterized as a**  
13 **matter of legislative delegation and subject to the guidelines**  
14 **prescribed in K.S.A. 75-3711c, and amendments thereto, except that**  
15 **the state finance council is expressly granted the authority to act on**  
16 **this matter at any time, including when the legislature is in session.**  
17 **Upon an affirmative vote, the qualified firm or qualified supplier shall**  
18 **be allowed to take the additional portions or installments of the tax**  
19 **credit approved by the state finance council in the taxable year in**  
20 **which such portions or installments were approved, as shall be set**  
21 **forth in the agreement pursuant to section 2, and amendments thereto.**  
22 **The portions or installments remaining on such credit shall decrease**  
23 **accordingly in the event that additional portions or installments are**  
24 **taken by a qualified firm or qualified supplier.}**

25 New Sec. 4. (a) For taxable years commencing after December 31,  
26 2021, a qualified supplier that meets the requirements of section 2, and  
27 amendments thereto, and this section may be eligible to retain up to 65%,  
28 as determined by the secretary, of the qualified supplier's Kansas payroll  
29 withholding taxes under the Kansas withholding and declaration of  
30 estimated tax act for the qualified supplier's employees in a taxable year  
31 that such requirements are met. This benefit shall be available for a period  
32 of up to 10 successive taxable years. In determining the percentage and  
33 number of successive years, the secretary shall, at a minimum, consider  
34 the factors set forth in sections 3(b) and (d), and amendments thereto, as  
35 applicable. Qualified suppliers that have been selected by a qualified firm  
36 for benefit eligibility, and that meet the sales amount requirement, as  
37 provided by section 2, and amendments thereto, may be eligible to earn  
38 benefits of this section prior to the qualified firm's commencement of  
39 commercial operations at the qualified business facility. Any benefits shall  
40 only be awarded after the qualified firm that has selected the qualified  
41 supplier for benefit eligibility commences commercial operations.

42 (b) For purposes of the benefit under this section, a qualified supplier  
43 may utilize or contract with a third-party employer to perform services

1 whereby the third-party employer:

2 (1) Serves as the legal employer of the qualified supplier's employees  
3 providing services to the qualified supplier;

4 (2) performs such services in Kansas; and

5 (3) is subject to, and the qualified supplier's employees are subject to,  
6 the Kansas withholding and declaration of estimated tax act.

7 (c) The qualified supplier shall submit an application to the secretary  
8 of commerce in the form and manner required by the secretary and provide  
9 all information requested by the secretary. If approved by the secretary, the  
10 qualified supplier shall enter into an agreement with the secretary, as  
11 required pursuant to section 2, and amendments thereto, with such terms  
12 and conditions as may be required by the secretary. In addition, the  
13 agreement shall set forth the percentage of payroll withholding taxes to be  
14 retained each year and any requirements or performance targets to receive  
15 such benefits, as determined by the secretary. If necessary, the secretary  
16 may also enter into an agreement with any third party described in  
17 subsection (b), or such third party may be a party to an agreement between  
18 the qualified supplier and the secretary.

19 (d) The agreement between the secretary of commerce and the  
20 qualified supplier shall specify that, if the qualified supplier breaches the  
21 terms and conditions set forth in the agreement, the qualified supplier shall  
22 be required to remit to the state an amount equal to the aggregate Kansas  
23 payroll withholding taxes retained by the qualified supplier, or remitted to  
24 the qualified supplier by a third party, as provided by section 2, and  
25 amendments thereto.

26 (e) For each year that the agreement is in effect, the secretary of  
27 commerce shall certify to the secretary of revenue:

28 (1) That the qualified supplier is eligible to receive benefits under this  
29 act and the terms of the agreement;

30 (2) the number of employees;

31 (3) the amount of gross wages being paid to each such employee; and

32 (4) the percentage of payroll withholding taxes to be retained by the  
33 qualified supplier.

34 (f) Any qualified supplier that has entered into an agreement with the  
35 secretary of commerce pursuant to this section and section 2, and  
36 amendments thereto, and is eligible to receive benefits pursuant to this  
37 section, shall complete and submit to the department of revenue the  
38 amount of Kansas payroll withholding tax being retained by the qualified  
39 supplier in the form and manner prescribed by the director of taxation.

40 (g) The secretary of revenue and the secretary of commerce shall  
41 cooperate to develop and coordinate procedures to implement the  
42 provisions of this act.

43 New Sec. 5. (a) On and after July 1, 2022, a qualified firm that meets



1 the requirements of section 2, and amendments thereto, and this section  
2 may be eligible for partial reimbursement of total payroll costs paid to  
3 qualified business facility employees during a taxable year, as approved by  
4 the secretary of commerce.

5 (b) As determined by the secretary a qualified firm shall be eligible  
6 for such reimbursement commencing on the date the qualified firm:

7 (1) Enters into an agreement with the secretary as provided in section  
8 2, and amendments thereto;

9 (2) commences construction of the qualified business facility; or

10 (3) commences commercial operations at the qualified business  
11 facility.

12 (c) The amount of the reimbursement each year shall be up to 7.5%,  
13 as allowed by the secretary, of the total payroll costs for that year, as  
14 determined by the secretary. The secretary may grant such reimbursement  
15 for up to 10 successive years. In determining the percentage and number of  
16 successive years, the secretary shall, at a minimum, consider the factors set  
17 forth in sections 3(b) and (d), and amendments thereto, as applicable. The  
18 secretary may grant an additional increase in reimbursement of such costs  
19 up to a maximum total benefit of 10% of the eligible total payroll costs for  
20 a year for up to 10 successive years, if such percentage increase and  
21 number of years is approved by the state finance council as provided in  
22 subsection (d).

23 (d) The maximum reimbursement pursuant to this section that may be  
24 awarded in the secretary's discretion shall be 7.5% for 10 successive years.  
25 Prior to finalization of an agreement pursuant to section 2, and  
26 amendments thereto, the secretary may seek approval by the state finance  
27 council of an increased benefit percentage up to 10% for up to 10  
28 successive years, pursuant to the provisions of section 2(e), and  
29 amendments thereto. Such approval shall require the affirmative vote of  
30 the governor and the majority of the legislative members of the state  
31 finance council. This matter is hereby characterized as a matter of  
32 legislative delegation and subject to the guidelines prescribed in K.S.A.  
33 75-3711c, and amendments thereto, except that the state finance council is  
34 expressly granted the authority to act on this matter at any time, including  
35 when the legislature is in session. Upon such approval, the secretary may  
36 incorporate terms providing for the additional benefit as approved by the  
37 state finance council into an agreement.

38 (e) To be eligible for the reimbursement, the qualified firm shall  
39 submit an application to the secretary in the form and manner required by  
40 the secretary and provide all information requested by the secretary. If  
41 approved by the secretary, the qualified firm shall enter into an agreement  
42 with the secretary with such terms and conditions as required by the  
43 secretary and this section.

1 (f) No claim for a reimbursement shall be paid unless the:

2 (1) Qualified firm has met all requirements of section 2, and  
3 amendments thereto, including entering into an agreement with the  
4 secretary of commerce that includes a commitment to make a qualified  
5 investment in the qualified business facility of at least \$1,000,000,000  
6 within a period of five years;

7 (2) secretary of commerce has certified, for each year for which a  
8 reimbursement is claimed, that the qualified firm meets all requirements of  
9 this act, rules and regulations of the secretary, if any, and the agreement  
10 entered into pursuant to section 2, and amendments thereto, and this  
11 section; and

12 (3) qualified firm has filed a claim with the secretary of commerce in  
13 the form and manner required by the secretary and including evidence as  
14 required by the secretary showing the amount of total payroll costs for the  
15 year the reimbursement is claimed.

16 (g) Subject to appropriations therefor, the allowable amount of such  
17 claim as determined by the secretary shall be paid to the qualified firm  
18 from the attracting powerful economic expansion payroll incentive fund,  
19 established by section 6, and amendments thereto, upon warrants of the  
20 director of accounts and reports pursuant to vouchers approved by the  
21 secretary or by any person designated by the secretary. No interest shall be  
22 allowed on any payment made to a qualified firm pursuant to this section.

23 (h) If the qualified firm breaches the terms and conditions of the  
24 agreement pursuant to section 2, and amendments thereto, the  
25 reimbursements of total payroll costs pursuant to this section shall be  
26 repaid to the state as provided by section 2, and amendments thereto.

27 New Sec. 6. There is hereby established in the state treasury the  
28 attracting powerful economic expansion payroll incentive fund to be  
29 administered by the secretary of commerce. All moneys credited to the  
30 attracting powerful economic expansion payroll incentive fund shall be  
31 used by the Kansas department of commerce for partial reimbursement to  
32 qualified firms for total payroll costs pursuant to the provisions of sections  
33 2 and 5, and amendments thereto. All expenditures from the attracting  
34 powerful economic expansion payroll incentive fund shall be made in  
35 accordance with appropriation acts upon warrants of the director of  
36 accounts and reports issued pursuant to vouchers approved by the  
37 secretary of commerce or the secretary's designee.

38 New Sec. 7. (a) On and after July 1, 2022, a qualified firm or a  
39 qualified supplier that meets the requirements of section 2, and  
40 amendments thereto, and this section and that has entered into an  
41 agreement with the secretary, as provided by section 2, and amendments  
42 thereto, may be eligible for reimbursement of up to 50% of training and  
43 education eligible expenses for training or education completed for new

1 employees in each year for up to five successive years, as determined by  
2 the secretary and as provided by this section. The maximum amount of  
3 reimbursement paid to a qualified supplier shall be \$250,000 per year. The  
4 maximum amount of reimbursement paid to a qualified firm shall be  
5 \$5,000,000 per year. In determining the percentage, the number of  
6 successive years and the maximum annual amount as limited by this  
7 subsection, the secretary shall, at a minimum, consider the factors set forth  
8 in sections 3(b) and (d), and amendments thereto, as applicable.

9 (b) (1) Qualified firms shall be eligible commencing with the year in  
10 which the qualified firm enters into an agreement with the secretary, as  
11 provided in section 2, and amendments thereto, commences construction  
12 of the qualified business facility or commences commercial operations at  
13 the qualified business facility, as determined by the secretary.

14 (2) Qualified suppliers shall be eligible commencing with the year in  
15 which the qualified firm selected the qualified supplier for benefit  
16 eligibility pursuant to section 2, and amendments thereto. Only training  
17 and education expenses for new employees employed at a qualified  
18 business facility of the qualified supplier that is located and operating in  
19 Kansas shall be eligible for reimbursement. A qualified supplier shall not  
20 be awarded such benefits until the qualified business facility of the  
21 qualified firm commences commercial operations.

22 (c) The qualified firm or qualified supplier shall submit an application  
23 to the secretary in the form and manner required by the secretary and  
24 provide all information requested by the secretary, as provided by section  
25 2, and amendments thereto. If approved by the secretary, the qualified firm  
26 or qualified supplier shall enter into an agreement with the secretary with  
27 such terms and conditions as may be required by the secretary and  
28 commitments required by this act, as provided pursuant to section 2, and  
29 amendments thereto. The agreement shall set forth the maximum amount  
30 of the incentive that may be received each year, as limited by subsection  
31 (a), and shall require an annual showing of eligibility, including evidence  
32 showing the number of new hires and amount of eligible training and  
33 education expense, for each year the incentive is claimed.

34 (d) Subject to appropriations therefor, reimbursement in the amount  
35 approved by the secretary and pursuant to the terms of the agreement and  
36 the limitations of subsection (a) shall be made by the secretary from the  
37 attracting powerful economic expansion new employee training and  
38 education fund established in section 8, and amendments thereto, in  
39 accordance with appropriation acts upon warrants of the director of  
40 accounts and reports issued pursuant to vouchers approved by the  
41 secretary of commerce or the secretary's designee.

42 (e) No reimbursement shall be issued unless the qualified firm or the  
43 qualified supplier has been certified by the secretary, as provided in section

1 2, and amendments thereto, as meeting all requirements of this act, any  
2 rules and regulations of the secretary and the agreement executed pursuant  
3 to section 2, and amendments thereto.

4 (f) If the qualified firm or qualified supplier breaches the terms and  
5 conditions of the agreement pursuant to section 2, and amendments  
6 thereto, reimbursements shall be repaid to the state as provided by section  
7 2, and amendments thereto.

8 New Sec. 8. There is hereby established in the state treasury the  
9 attracting powerful economic expansion new employee training and  
10 education fund to be administered by the secretary of commerce. All  
11 moneys credited to the attracting powerful economic expansion new  
12 employee training and education fund shall be used by the Kansas  
13 department of commerce for reimbursement to qualified firms and  
14 qualified suppliers for training and education eligible expenses pursuant to  
15 the provisions of sections 2 and 7, and amendments thereto. All  
16 expenditures from the attracting powerful economic expansion new  
17 employee training and education fund shall be made in accordance with  
18 appropriation acts upon warrants of the director of accounts and reports  
19 issued pursuant to vouchers approved by the secretary of commerce or the  
20 secretary's designee.

21 New Sec. 9. (a) On and after the effective date of this act, a qualified  
22 firm or a qualified supplier that meets the requirements of section 2, and  
23 amendments thereto, and this section may be eligible for a sales tax  
24 exemption under the provisions of K.S.A. 79-3606(oooo), and  
25 amendments thereto.

26 (b) (1) Qualified firms that satisfy the requirements set forth in  
27 subsection (c) shall qualify for the sales tax exemption commencing on the  
28 date the qualified firm commences construction of the qualified business  
29 facility, as determined by the secretary of commerce, or an earlier date if  
30 agreed by the secretary and incorporated into the agreement pursuant to  
31 section 2, and amendments thereto.

32 (2) Qualified suppliers that satisfy the requirements set forth in  
33 subsection (c) shall qualify for the sales tax exemption commencing on the  
34 date that the qualified firm selected the qualified supplier for benefit  
35 eligibility pursuant to section 2, and amendments thereto. The secretary of  
36 commerce shall certify to the secretary of revenue that a qualified supplier  
37 is eligible and the date of eligibility of the qualified supplier.

38 (c) To be eligible to receive the sales tax exemption, the qualified  
39 firm or qualified supplier shall have been approved by and entered into an  
40 agreement with the secretary for a qualified investment in a qualified  
41 business facility including, with respect to a qualified firm, a requirement  
42 of an investment of at least \$1,000,000,000 pursuant to the requirements of  
43 section 2, and amendments thereto. The secretary of commerce shall

1 provide notice to the secretary of revenue regarding an approval of a sales  
2 tax exemption under this section. The sales tax exemption shall be valid  
3 until construction of the qualified business facility has been completed as  
4 certified by the secretary of commerce to the secretary of revenue or the  
5 date specified for completion of the qualified business facility in the  
6 agreement executed pursuant to section 2, and amendments thereto,  
7 whichever occurs first. No sales tax exemption shall be issued by the  
8 secretary of revenue unless the qualified firm or the qualified supplier has  
9 been certified by the secretary of commerce, as provided in section 2, and  
10 amendments thereto, as meeting all requirements of this act, the rules and  
11 regulations of the secretary, if any, and the agreement executed pursuant to  
12 section 2, and amendments thereto.

13 (d) A sales tax exemption shall be revoked by the secretary of  
14 revenue upon notification by the secretary of commerce that the qualified  
15 firm or qualified supplier has been disapproved by the secretary of  
16 commerce.

17 (e) If the qualified firm or qualified supplier breaches the terms and  
18 conditions of the agreement pursuant to section 2, and amendments  
19 thereto, the amount of sales tax exempted shall be repaid to the state as  
20 provided by section 2, and amendments thereto.

21 New Sec. 10. (a) On or before January 31 of each year, the secretary  
22 of commerce shall transmit to the governor, the senate standing  
23 committees on assessment and taxation and commerce and the house of  
24 representatives standing committees on taxation and commerce, labor and  
25 economic development, or any successor committee, a report based on  
26 information received from each qualified firm or qualified supplier  
27 receiving benefits under this act, describing, at a minimum, the following:

- 28 (1) The names of the qualified firms or qualified suppliers;
- 29 (2) the types of qualified firms or qualified suppliers utilizing the act;
- 30 (3) the location of such companies and the location, description and  
31 economic and industry impact of such companies' business operations in  
32 Kansas;
- 33 (4) the cumulative number of new employees hired and the new  
34 employees hired in that calendar year, with respect to each qualified firm  
35 and qualified supplier;
- 36 (5) the number of employees who reside in Kansas and the number of  
37 employees who reside in other states, designated with respect to each other  
38 state and, if available, the number of employees who have relocated to  
39 Kansas from another state;
- 40 (6) the wages paid for such new employees;
- 41 (7) the annual and cumulative amount of investments made;
- 42 (8) the annual amount of each benefit provided under this act;
- 43 (9) the estimated net state fiscal impact, including the direct and

1 indirect new state taxes derived from the new employees hired;

2 (10) an estimate of the multiplier effect on the Kansas economy of the  
3 benefits received under this act;

4 (11) any material defaults by a qualified firm or qualified supplier of  
5 the terms of any agreement pursuant to section 2, and amendments thereto;  
6 and

7 (12) the percentage of the business of a qualified supplier that is with  
8 the qualified firm that designated the qualified supplier.

9 (b) Commencing on the effective date of this act, the secretary of  
10 commerce shall transmit quarterly to the chairpersons of the senate  
11 standing committee on commerce and the house of representatives  
12 standing committee on commerce, labor and economic development, or  
13 any successor committee, a report on the number of projects that may  
14 qualify for incentives under this act.

15 New Sec. 11. (a) Commencing with fiscal year 2022, in any fiscal  
16 year that a qualified firm enters into an agreement with the secretary of  
17 commerce for the first time pursuant to section 2, and amendments thereto,  
18 and commences construction on a qualified business facility under this act  
19 the secretary of commerce shall certify such fact to the secretary of  
20 revenue, the director of the budget and the director of legislative research.  
21 Such certification shall be made when such fact is known to the secretary,  
22 but in any event on or before June 30 of such fiscal year.

23 (b) Upon receipt of such certification, the secretary of revenue shall  
24 adjust the corporate income tax rate imposed pursuant to the provisions of  
25 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next  
26 tax year by reducing the rate by 0.5%. The maximum reduction to be  
27 applied for one taxable year shall be 0.5% regardless of the number of  
28 eligible qualifying firms that may have satisfied the conditions of  
29 subsection (a).

30 (c) The rate reduction of 0.5% shall be applied to reduce the normal  
31 tax on corporations imposed pursuant to K.S.A. 79-32,110, and  
32 amendments thereto, until reduced to 0%.

33 (d) The secretary of revenue shall report any reduction in corporate  
34 income tax rates pursuant to this section to the chairpersons of the senate  
35 standing committees on assessment and taxation and commerce, the  
36 chairpersons of the house of representatives standing committees on  
37 commerce, labor and economic development and taxation and the  
38 governor, and shall cause notice of any such reduction to be published in  
39 the Kansas register prior to September 15 of the calendar year immediately  
40 preceding the tax year in which such reduction takes effect.

41 New Sec. 12. (a) On and after July 1, 2022, a qualified firm that  
42 meets the requirements of this section and section 2, and amendments  
43 thereto, and that has entered into an agreement with the secretary, as

1 provided by section 2, and amendments thereto, shall be eligible for annual  
2 reimbursement of up to 50% of relocation incentives and expenses  
3 provided by the qualified firm to incentivize employees who are not  
4 Kansas residents to relocate their primary residence to this state and  
5 become Kansas residents. Reimbursement for such eligible incentives and  
6 expenses shall not exceed an annual reimbursement amount of \$1,000,000  
7 to the qualified firm, as determined by the secretary. Reimbursement for  
8 such eligible incentives and expenses may be provided for up to ten  
9 successive years, as determined by the secretary.

10 (b) The qualified firm shall submit to the secretary a Kansas  
11 residency incentive plan for which it will seek reimbursement and the  
12 expected costs for each component of the plan. The reimbursement  
13 percentage shall be subject to the qualified firm meeting goals for  
14 incentivizing employees to become new Kansas residents as determined by  
15 the secretary. If the secretary approves the plan, the qualified firm and the  
16 secretary shall enter into an agreement that requires the qualified firm to  
17 provide annual documentation of the relocation incentive expenditures and  
18 the results of such expenditures to the secretary. No reimbursement shall  
19 be made unless the secretary of commerce has certified, for each year for  
20 which a reimbursement is claimed, that the qualified firm meets all  
21 requirements of this act, the rules and regulations of the secretary and the  
22 agreements entered into pursuant to this section and section 2, and  
23 amendments thereto.

24 (c) The qualified firm shall remit to the state an amount equal to the  
25 amount of benefits provided to the qualified firm pursuant to this section  
26 upon any breach by the qualified firm of the terms and conditions set forth  
27 in the agreement entered into pursuant to this section or section 2, and  
28 amendments thereto. The agreement between the secretary of commerce  
29 and the qualified firm entered into pursuant to this section and section 2,  
30 and amendments thereto, shall specify such repayment requirements in  
31 such agreement.

32 (d) Subject to appropriations therefor, the allowable amount of  
33 reimbursement shall be paid to the qualified firm from the attracting  
34 powerful economic expansion Kansas residency incentive fund,  
35 established by section 13, and amendments thereto. No interest shall be  
36 allowed on any payment made to a qualified firm pursuant to this section.

37 New Sec. 13. There is hereby established in the state treasury the  
38 attracting powerful economic expansion Kansas residency incentive fund  
39 to be administered by the secretary of commerce. All moneys credited to  
40 the attracting powerful economic expansion Kansas residency incentive  
41 fund shall be used by the Kansas department of commerce for  
42 reimbursement to qualified firms for expenses incurred in a Kansas  
43 residency incentive plan for employees pursuant to the provisions of

1 sections 2 and 12, and amendments thereto. All expenditures from the  
 2 attracting powerful economic expansion Kansas residency incentive fund  
 3 shall be made in accordance with appropriation acts upon warrants of the  
 4 director of accounts and reports issued pursuant to vouchers approved by  
 5 the secretary of commerce or the secretary's designee.

6 New Sec. 14. The secretary of commerce shall not consider a new  
 7 application, proceed with an application that has been submitted or enter  
 8 into any agreement with a qualified firm or qualified supplier pursuant to  
 9 section 2, and amendments thereto, on and after May 1, 2024.

10 Sec. 15. K.S.A. 79-32,110 is hereby amended to read as follows: 79-  
 11 32,110. (a) Resident Individuals. Except as otherwise provided by K.S.A.  
 12 79-3220(a), and amendments thereto, a tax is hereby imposed upon the  
 13 Kansas taxable income of every resident individual, which tax shall be  
 14 computed in accordance with the following tax schedules:

15 (1) Married individuals filing joint returns.

16 (A) For tax year 2012:

17 If the taxable income is:	The tax is:
18 Not over \$30,000.....	3.5% of Kansas taxable income
19 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess 20 over \$30,000
21 Over \$60,000.....	\$2,925 plus 6.45% of excess 22 over \$60,000

23 (B) For tax year 2013:

24 If the taxable income is:	The tax is:
25 Not over \$30,000.....	3.0% of Kansas taxable income
26 Over \$30,000.....	\$900 plus 4.9% of excess over 27 \$30,000

28 (C) For tax year 2014:

29 If the taxable income is:	The tax is:
30 Not over \$30,000.....	2.7% of Kansas taxable income
31 Over \$30,000.....	\$810 plus 4.8% of excess over 32 \$30,000

33 (D) For tax years 2015 and 2016:

34 If the taxable income is:	The tax is:
35 Not over \$30,000.....	2.7% of Kansas taxable income
36 Over \$30,000.....	\$810 plus 4.6% of excess over 37 \$30,000

38 (E) For tax year 2017:

39 If the taxable income is:	The tax is:
40 Not over \$30,000.....	2.9% of Kansas taxable income
41 Over \$30,000 but not over \$60,000.....	\$870 plus 4.9% of excess over 42 \$30,000
43 Over \$60,000.....	\$2,340 plus 5.2% of excess over



1		\$60,000
2	(F) For tax year 2018, and all tax years thereafter:	
3	If the taxable income is:	The tax is:
4	Not over \$30,000.....	3.1% of Kansas taxable income
5	Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
6		over \$30,000
7	Over \$60,000.....	\$2,505 plus 5.7% of excess
8		over \$60,000
9	(2) All other individuals.	
10	(A) For tax year 2012:	
11	If the taxable income is:	The tax is:
12	Not over \$15,000.....	3.5% of Kansas taxable income
13	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
14		over \$15,000
15	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
16		over \$30,000
17	(B) For tax year 2013:	
18	If the taxable income is:	The tax is:
19	Not over \$15,000.....	3.0% of Kansas taxable income
20	Over \$15,000.....	\$450 plus 4.9% of excess over
21		\$15,000
22	(C) For tax year 2014:	
23	If the taxable income is:	The tax is:
24	Not over \$15,000.....	2.7% of Kansas taxable income
25	Over \$15,000.....	\$405 plus 4.8% of excess over
26		\$15,000
27	(D) For tax years 2015 and 2016:	
28	If the taxable income is:	The tax is:
29	Not over \$15,000.....	2.7% of Kansas taxable income
30	Over \$15,000.....	\$405 plus 4.6% of excess over
31		\$15,000
32	(E) For tax year 2017:	
33	If the taxable income is:	The tax is:
34	Not over \$15,000.....	2.9% of Kansas taxable income
35	Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over
36		\$15,000
37	Over \$30,000.....	\$1,170 plus 5.2% of excess over
38		\$30,000
39	(F) For tax year 2018, and all tax years thereafter:	
40	If the taxable income is:	The tax is:
41	Not over \$15,000.....	3.1% of Kansas taxable income
42	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
43		over \$15,000

1 Over \$30,000.....\$1,252.50 plus 5.7% of excess  
 2 over \$30,000

3 (b) Nonresident Individuals. A tax is hereby imposed upon the Kansas  
 4 taxable income of every nonresident individual, which tax shall be an  
 5 amount equal to the tax computed under subsection (a) as if the  
 6 nonresident were a resident multiplied by the ratio of modified Kansas  
 7 source income to Kansas adjusted gross income.

8 (c) Corporations. A tax is hereby imposed upon the Kansas taxable  
 9 income of every corporation doing business within this state or deriving  
 10 income from sources within this state. Such tax shall consist of a normal  
 11 tax and a surtax and shall be computed as follows *unless otherwise*  
 12 *modified pursuant to section 11, and amendments thereto*:

13 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
 14 taxable income of such corporation; and

15 ~~(2) (A) for tax year 2008, the surtax shall be in an amount equal to~~  
 16 ~~3.1% of the Kansas taxable income of such corporation in excess of~~  
 17 ~~\$50,000;~~

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

21 ~~(C) for tax year 2011, and all tax years thereafter, The surtax shall be~~  
 22 ~~in an amount equal to 3% of the Kansas taxable income of such~~  
 23 ~~corporation in excess of \$50,000.~~

24 (d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable  
 25 income of estates and trusts at the rates provided in subsection (a)(2)  
 26 hereof.

27 (e) Notwithstanding the provisions of subsections (a) and (b): (1) For  
 28 tax years 2016 and 2017, married individuals filing joint returns with  
 29 taxable income of \$12,500 or less, and all other individuals with taxable  
 30 income of \$5,000 or less, shall have a tax liability of zero; and (2) for tax  
 31 year 2018, and all tax years thereafter, married individuals filing joint  
 32 returns with taxable income of \$5,000 or less, and all other individuals  
 33 with taxable income of \$2,500 or less, shall have a tax liability of zero.

34 (f) No taxpayer shall be assessed penalties and interest arising from  
 35 the underpayment of taxes due to changes to the rates in subsection (a) that  
 36 became law on July 1, 2017, so long as such underpayment is rectified on  
 37 or before April 17, 2018.

38 Sec. 16. K.S.A. 2021 Supp. 79-3606 is hereby amended to read as  
 39 follows: 79-3606. The following shall be exempt from the tax imposed by  
 40 this act:

41 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
 42 or excise tax has been paid, not subject to refund, under the laws of this  
 43 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-

1 3301, and amendments thereto, including consumable material for such  
2 electronic cigarettes, cereal malt beverages and malt products as defined  
3 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
4 malt syrup and malt extract, that is not subject to taxation under the  
5 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
6 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
7 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
8 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
9 thereto, and gross receipts from regulated sports contests taxed pursuant to  
10 the Kansas professional regulated sports act, and amendments thereto;

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

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

41 (d) all sales of tangible personal property or services purchased by a  
42 contractor for the purpose of constructing, equipping, reconstructing,  
43 maintaining, repairing, enlarging, furnishing or remodeling facilities for

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

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

27 (e) all sales of tangible personal property or services purchased by a  
28 contractor for the erection, repair or enlargement of buildings or other  
29 projects for the government of the United States, its agencies or  
30 instrumentalities, that would be exempt from taxation if purchased directly  
31 by the government of the United States, its agencies or instrumentalities.  
32 When the government of the United States, its agencies or  
33 instrumentalities shall contract for the erection, repair, or enlargement of  
34 any building or other project, it shall obtain from the state and furnish to  
35 the contractor an exemption certificate for the project involved, and the  
36 contractor may purchase materials for incorporation in such project. The  
37 contractor shall furnish the number of such certificates to all suppliers  
38 from whom such purchases are made, and such suppliers shall execute  
39 invoices covering the same bearing the number of such certificate. Upon  
40 completion of the project the contractor shall furnish to the government of  
41 the United States, its agencies or instrumentalities concerned a sworn  
42 statement, on a form to be provided by the director of taxation, that all  
43 purchases so made were entitled to exemption under this subsection. As an

1 alternative to the foregoing procedure, any such contracting entity may  
2 apply to the secretary of revenue for agent status for the sole purpose of  
3 issuing and furnishing project exemption certificates to contractors  
4 pursuant to rules and regulations adopted by the secretary establishing  
5 conditions and standards for the granting and maintaining of such status.  
6 All invoices shall be held by the contractor for a period of five years and  
7 shall be subject to audit by the director of taxation. Any contractor or any  
8 agent, employee or subcontractor thereof, who shall use or otherwise  
9 dispose of any materials purchased under such a certificate for any purpose  
10 other than that for which such a certificate is issued without the payment  
11 of the sales or compensating tax otherwise imposed upon such materials,  
12 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
13 subject to the penalties provided for in K.S.A. 79-3615(h), and  
14 amendments thereto;

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

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

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

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

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

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

42 (l) all isolated or occasional sales of tangible personal property,  
43 services, substances or things, except isolated or occasional sale of motor

1 vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and  
2 amendments thereto;

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

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

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

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

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

1 a person licensed to practice medicine by the state board of healing arts;

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

22 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,  
23 all sales of tangible personal property or services purchased directly or  
24 indirectly by a groundwater management district organized or operating  
25 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,  
26 by a rural water district organized or operating under the authority of  
27 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
28 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
29 3522 et seq. or 19-3545, and amendments thereto, which property or  
30 services are used in the construction activities, operation or maintenance of  
31 the district;

32 (t) all sales of farm machinery and equipment or aquaculture  
33 machinery and equipment, repair and replacement parts therefor and  
34 services performed in the repair and maintenance of such machinery and  
35 equipment. For the purposes of this subsection the term "farm machinery  
36 and equipment or aquaculture machinery and equipment" shall include a  
37 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
38 thereto, and is equipped with a bed or cargo box for hauling materials, and  
39 shall also include machinery and equipment used in the operation of  
40 Christmas tree farming but shall not include any passenger vehicle, truck,  
41 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as  
42 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm  
43 machinery and equipment" includes precision farming equipment that is



1 portable or is installed or purchased to be installed on farm machinery and  
2 equipment. "Precision farming equipment" includes the following items  
3 used only in computer-assisted farming, ranching or aquaculture  
4 production operations: Soil testing sensors, yield monitors, computers,  
5 monitors, software, global positioning and mapping systems, guiding  
6 systems, modems, data communications equipment and any necessary  
7 mounting hardware, wiring and antennas. Each purchaser of farm  
8 machinery and equipment or aquaculture machinery and equipment  
9 exempted herein must certify in writing on the copy of the invoice or sales  
10 ticket to be retained by the seller that the farm machinery and equipment  
11 or aquaculture machinery and equipment purchased will be used only in  
12 farming, ranching or aquaculture production. Farming or ranching shall  
13 include the operation of a feedlot and farm and ranch work for hire and the  
14 operation of a nursery;

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

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

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

42 (x) all sales of propane gas, LP-gas, coal, wood and other fuel sources  
43 for the production of heat or lighting for noncommercial use of an

1 occupant of residential premises occurring prior to January 1, 2006;

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

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

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

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

20 (cc) all sales of tangible personal property or services purchased prior  
21 to January 1, 2012, except as otherwise provided, for the purpose of and in  
22 conjunction with constructing, reconstructing, enlarging or remodeling a  
23 business or retail business that meets the requirements established in  
24 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
25 machinery and equipment purchased for installation at any such business  
26 or retail business, and all sales of tangible personal property or services  
27 purchased on or after January 1, 2012, for the purpose of and in  
28 conjunction with constructing, reconstructing, enlarging or remodeling a  
29 business that meets the requirements established in K.S.A. 74-50,115(e),  
30 and amendments thereto, and the sale and installation of machinery and  
31 equipment purchased for installation at any such business. When a person  
32 shall contract for the construction, reconstruction, enlargement or  
33 remodeling of any such business or retail business, such person shall  
34 obtain from the state and furnish to the contractor an exemption certificate  
35 for the project involved, and the contractor may purchase materials,  
36 machinery and equipment for incorporation in such project. The contractor  
37 shall furnish the number of such certificates to all suppliers from whom  
38 such purchases are made, and such suppliers shall execute invoices  
39 covering the same bearing the number of such certificate. Upon  
40 completion of the project the contractor shall furnish to the owner of the  
41 business or retail business a sworn statement, on a form to be provided by  
42 the director of taxation, that all purchases so made were entitled to  
43 exemption under this subsection. All invoices shall be held by the

1 contractor for a period of five years and shall be subject to audit by the  
2 director of taxation. Any contractor or any agent, employee or  
3 subcontractor thereof, who shall use or otherwise dispose of any materials,  
4 machinery or equipment purchased under such a certificate for any  
5 purpose other than that for which such a certificate is issued without the  
6 payment of the sales or compensating tax otherwise imposed thereon, shall  
7 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
8 to the penalties provided for in K.S.A. 79-3615(h), and amendments  
9 thereto. As used in this subsection, "business" and "retail business" mean  
10 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project  
11 exemption certificates that have been previously issued under this  
12 subsection by the department of revenue pursuant to K.S.A. 74-50,115,  
13 and amendments thereto, but not including K.S.A. 74-50,115(e), and  
14 amendments thereto, prior to January 1, 2012, and have not expired will be  
15 effective for the term of the project or two years from the effective date of  
16 the certificate, whichever occurs earlier. Project exemption certificates that  
17 are submitted to the department of revenue prior to January 1, 2012, and  
18 are found to qualify will be issued a project exemption certificate that will  
19 be effective for a two-year period or for the term of the project, whichever  
20 occurs earlier;

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

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

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

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

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

1 equipment as defined in subsection (r), oxygen delivery equipment, kidney  
2 dialysis equipment or enteral feeding systems;

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

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

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

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

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

31 (2) For purposes of this subsection:

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

42 (B) "production line" means the assemblage of machinery and  
43 equipment at a manufacturing or processing plant or facility where the

1 actual transformation or processing of tangible personal property occurs;

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

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

1 or improve real property, and retail businesses that clean, service or  
2 refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (B) machinery, equipment and tools used primarily in maintaining

1 and repairing any type of machinery and equipment or the building and  
2 plant;

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

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

11 (E) furniture and other furnishings;

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

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

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

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

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

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

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

35 (II) all sales of educational materials purchased for distribution to the  
36 public at no charge by a nonprofit corporation organized for the purpose of  
37 encouraging, fostering and conducting programs for the improvement of  
38 public health, except that for taxable years commencing after December  
39 31, 2013, this subsection shall not apply to any sales of such materials  
40 purchased by a nonprofit corporation which performs any abortion, as  
41 defined in K.S.A. 65-6701, and amendments thereto;

42 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,  
43 herbicides, germicides, pesticides and fungicides; and services, purchased



1 and used for the purpose of producing plants in order to prevent soil  
2 erosion on land devoted to agricultural use;

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

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

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

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

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

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

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

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

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

42 (1) The American heart association, Kansas affiliate, inc. for the  
43 purposes of providing education, training, certification in emergency

1 cardiac care, research and other related services to reduce disability and  
2 death from cardiovascular diseases and stroke;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 subject to the penalties provided for in K.S.A. 79-3615(h), and  
2 amendments thereto;

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

6 (zz) all sales of machinery and equipment purchased by over-the-air,  
7 free access radio or television station that is used directly and primarily for  
8 the purpose of producing a broadcast signal or is such that the failure of  
9 the machinery or equipment to operate would cause broadcasting to cease.

10 For purposes of this subsection, machinery and equipment shall include,  
11 but not be limited to, that required by rules and regulations of the federal  
12 communications commission, and all sales of electricity which are  
13 essential or necessary for the purpose of producing a broadcast signal or is  
14 such that the failure of the electricity would cause broadcasting to cease;

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

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

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

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

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

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

1 with rules and regulations adopted for such purpose by the secretary of  
2 revenue;

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

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

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

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

31 (iii) all sales of personal property and services purchased by an  
32 organization that is exempt from federal income taxation pursuant to  
33 section 501(c)(3) of the federal internal revenue code of 1986, and such  
34 personal property and services are used by any such organization in the  
35 collection, storage and distribution of food products to nonprofit  
36 organizations that distribute such food products to persons pursuant to a  
37 food distribution program on a charitable basis without fee or charge, and  
38 all sales of tangible personal property or services purchased by a  
39 contractor for the purpose of constructing, equipping, reconstructing,  
40 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
41 for the collection and storage of such food products for any such  
42 organization which is exempt from federal income taxation pursuant to  
43 section 501(c)(3) of the federal internal revenue code of 1986, that would



1 be exempt from taxation under the provisions of this section if purchased  
2 directly by such organization. Nothing in this subsection shall be deemed  
3 to exempt the purchase of any construction machinery, equipment or tools  
4 used in the constructing, equipping, reconstructing, maintaining, repairing,  
5 enlarging, furnishing or remodeling facilities for any such organization.  
6 When any such organization shall contract for the purpose of constructing,  
7 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
8 remodeling facilities, it shall obtain from the state and furnish to the  
9 contractor an exemption certificate for the project involved, and the  
10 contractor may purchase materials for incorporation in such project. The  
11 contractor shall furnish the number of such certificate to all suppliers from  
12 whom such purchases are made, and such suppliers shall execute invoices  
13 covering the same bearing the number of such certificate. Upon  
14 completion of the project the contractor shall furnish to such organization  
15 concerned a sworn statement, on a form to be provided by the director of  
16 taxation, that all purchases so made were entitled to exemption under this  
17 subsection. All invoices shall be held by the contractor for a period of five  
18 years and shall be subject to audit by the director of taxation. If any  
19 materials purchased under such a certificate are found not to have been  
20 incorporated in such facilities or not to have been returned for credit or the  
21 sales or compensating tax otherwise imposed upon such materials that will  
22 not be so incorporated in such facilities reported and paid by such  
23 contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
24 month following the close of the month in which it shall be determined  
25 that such materials will not be used for the purpose for which such  
26 certificate was issued, such organization concerned shall be liable for tax  
27 on all materials purchased for the project, and upon payment thereof it  
28 may recover the same from the contractor together with reasonable  
29 attorney fees. Any contractor or any agent, employee or subcontractor  
30 thereof, who shall use or otherwise dispose of any materials purchased  
31 under such a certificate for any purpose other than that for which such a  
32 certificate is issued without the payment of the sales or compensating tax  
33 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
34 and, upon conviction therefor, shall be subject to the penalties provided for  
35 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
36 July 1, 2005, but prior to the effective date of this act upon the gross  
37 receipts received from any sale exempted by the amendatory provisions of  
38 this subsection shall be refunded. Each claim for a sales tax refund shall be  
39 verified and submitted to the director of taxation upon forms furnished by  
40 the director and shall be accompanied by any additional documentation  
41 required by the director. The director shall review each claim and shall  
42 refund that amount of sales tax paid as determined under the provisions of  
43 this subsection. All refunds shall be paid from the sales tax refund fund

1 upon warrants of the director of accounts and reports pursuant to vouchers  
2 approved by the director or the director's designee;

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

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

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

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

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

42 (ppp) all sales of tangible personal property and services purchased  
43 by or on behalf of a homeless shelter that is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal income tax code of  
2 1986, and used by any such homeless shelter to provide emergency and  
3 transitional housing for individuals and families experiencing  
4 homelessness, and all sales of any such property by or on behalf of any  
5 such homeless shelter for any such purpose;

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

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

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

16 (sss) all sales of tangible personal property and services purchased by  
17 catholic charities or youthville, hereinafter referred to as charitable family  
18 providers, which is exempt from federal income taxation pursuant to  
19 section 501(c)(3) of the federal internal revenue code of 1986, and which  
20 such property and services are used for the purpose of providing  
21 emergency shelter and treatment for abused and neglected children as well  
22 as meeting additional critical needs for children, juveniles and family, and  
23 all sales of any such property by or on behalf of charitable family  
24 providers for any such purpose; and all sales of tangible personal property  
25 or services purchased by a contractor for the purpose of constructing,  
26 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
27 the operation of services for charitable family providers for any such  
28 purpose which would be exempt from taxation under the provisions of this  
29 section if purchased directly by charitable family providers. Nothing in  
30 this subsection shall be deemed to exempt the purchase of any construction  
31 machinery, equipment or tools used in the constructing, maintaining,  
32 repairing, enlarging, furnishing or remodeling such facilities for charitable  
33 family providers. When charitable family providers contracts for the  
34 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
35 remodeling such facilities, it shall obtain from the state and furnish to the  
36 contractor an exemption certificate for the project involved, and the  
37 contractor may purchase materials for incorporation in such project. The  
38 contractor shall furnish the number of such certificate to all suppliers from  
39 whom such purchases are made, and such suppliers shall execute invoices  
40 covering the same bearing the number of such certificate. Upon  
41 completion of the project the contractor shall furnish to charitable family  
42 providers 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 so incorporated in 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, charitable family providers shall be  
11 liable for tax on all materials purchased for the project, and upon payment  
12 thereof it may recover the same from the contractor together with  
13 reasonable attorney fees. Any contractor or any agent, employee or  
14 subcontractor thereof, who shall use or otherwise dispose of any materials  
15 purchased under such a certificate for any purpose other than that for  
16 which such a certificate is issued without the payment of the sales or  
17 compensating tax otherwise imposed upon such materials, shall be guilty  
18 of a misdemeanor and, upon conviction therefor, shall be subject to the  
19 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

1 execute invoices covering the same bearing the number of such certificate.  
2 Upon completion of the project the contractor shall furnish to KCSL a  
3 sworn statement, on a form to be provided by the director of taxation, that  
4 all purchases so made were entitled to exemption under this subsection.  
5 All invoices shall be held by the contractor for a period of five years and  
6 shall be subject to audit by the director of taxation. If any materials  
7 purchased under such a certificate are found not to have been incorporated  
8 in the building or other project or not to have been returned for credit or  
9 the sales or compensating tax otherwise imposed upon such materials that  
10 will not be so incorporated in the building or other project reported and  
11 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
12 day of the month following the close of the month in which it shall be  
13 determined that such materials will not be used for the purpose for which  
14 such certificate was issued, KCSL 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;

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

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

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

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



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

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

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

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

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

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

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

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

41 (eeee) all sales of tangible personal property or services purchased by  
42 or on behalf of all American beef battalion, inc., which is exempt from  
43 federal income taxation pursuant to section 501(c)(3) of the federal

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

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

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

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

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

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

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

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

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

1 family members and citizens upon return to the community;

2 (III) all sales of tangible personal property and services purchased by  
3 Gove county healthcare endowment foundation, inc., which is exempt  
4 from federal income taxation pursuant to section 501(c)(3) of the federal  
5 internal revenue code of 1986, and which such property and services are  
6 used for the purpose of constructing and equipping an airport in Quinter,  
7 Kansas, and all sales of tangible personal property or services purchased  
8 by a contractor for the purpose of constructing and equipping an airport in  
9 Quinter, Kansas, for such organization, that would be exempt from  
10 taxation under the provisions of this section if purchased directly by such  
11 organization. Nothing in this subsection shall be deemed to exempt the  
12 purchase of any construction machinery, equipment or tools used in the  
13 constructing or equipping of facilities for such organization. When such  
14 organization shall contract for the purpose of constructing or equipping an  
15 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
16 contractor an exemption certificate for the project involved, and the  
17 contractor may purchase materials for incorporation in such project. The  
18 contractor shall furnish the number of such certificate to all suppliers from  
19 whom such purchases are made, and such suppliers shall execute invoices  
20 covering the same bearing the number of such certificate. Upon  
21 completion of the project, the contractor shall furnish to such organization  
22 concerned a sworn statement, on a form to be provided by the director of  
23 taxation, that all purchases so made were entitled to exemption under this  
24 subsection. All invoices shall be held by the contractor for a period of five  
25 years and shall be subject to audit by the director of taxation. If any  
26 materials purchased under such a certificate are found not to have been  
27 incorporated in such facilities or not to have been returned for credit or the  
28 sales or compensating tax otherwise imposed upon such materials that will  
29 not be so incorporated in such facilities reported and paid by such  
30 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
31 following the close of the month in which it shall be determined that such  
32 materials will not be used for the purpose for which such certificate was  
33 issued, such organization concerned shall be liable for tax on all materials  
34 purchased for the project, and upon payment thereof it may recover the  
35 same from the contractor together with reasonable attorney fees. Any  
36 contractor or any agent, employee or subcontractor thereof, who purchased  
37 under such a certificate for any purpose other than that for which such a  
38 certificate is issued without the payment of the sales or compensating tax  
39 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
40 and, upon conviction therefor, shall be subject to the penalties provided for  
41 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
42 subsection shall expire and have no effect on and after July 1, 2019;

43 (mmmm) all sales of gold or silver coins; and palladium, platinum,

1 gold or silver bullion. For the purposes of this subsection, "bullion" means  
2 bars, ingots or commemorative medallions of gold, silver, platinum,  
3 palladium, or a combination thereof, for which the value of the metal  
4 depends on its content and not the form; ~~and~~

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

13 *(oooo) all sales of tangible personal property or services purchased*  
14 *for the purpose of and in conjunction with constructing, reconstructing,*  
15 *enlarging or remodeling a qualified business facility by a qualified firm or*  
16 *qualified supplier that meets the requirements established in sections 2*  
17 *and 9, and amendments thereto, and that has been approved for a project*  
18 *exemption certificate by the secretary of commerce, and the sale and*  
19 *installation of machinery and equipment purchased by such qualified firm*  
20 *or qualified supplier for installation at any such qualified business facility.*  
21 *When a person shall contract for the construction, reconstruction,*  
22 *enlargement or remodeling of any such qualified business facility, such*  
23 *person shall obtain from the state and furnish to the contractor an*  
24 *exemption certificate for the project involved, and the contractor may*  
25 *purchase materials, machinery and equipment for incorporation in such*  
26 *project. The contractor shall furnish the number of such certificates to all*  
27 *suppliers from whom such purchases are made, and such suppliers shall*  
28 *execute invoices covering the same bearing the number of such certificate.*  
29 *Upon completion of the project, the contractor shall furnish to the owner*  
30 *of the qualified firm or qualified supplier a sworn statement, on a form to*  
31 *be provided by the director of taxation, that all purchases so made were*  
32 *entitled to exemption under this subsection. All invoices shall be held by*  
33 *the contractor for a period of five years and shall be subject to audit by*  
34 *the director of taxation. Any contractor or any agent, employee or*  
35 *subcontractor thereof who shall use or otherwise dispose of any materials,*  
36 *machinery or equipment purchased under such a certificate for any*  
37 *purpose other than that for which such a certificate is issued without the*  
38 *payment of the sales or compensating tax otherwise imposed thereon, shall*  
39 *be guilty of a misdemeanor and, upon conviction therefor, shall be subject*  
40 *to the penalties provided for in K.S.A. 79-3615(h), and amendments*  
41 *thereto. As used in this subsection, "qualified business facility," "qualified*  
42 *firm" and "qualified supplier" mean the same as defined in section 1, and*  
43 *amendments thereto.*

1       Sec. 17. K.S.A. 79-32,110 and K.S.A. 2021 Supp. 79-3606~~is~~ **{are}**  
2 hereby repealed.

3       Sec. 18. This act shall take effect and be in force from and after its  
4 publication in the Kansas register.