

## House Substitute for SENATE BILL No. 127

By Committee on Taxation

2-12

---

1 AN ACT concerning taxation; relating to property tax; reducing penalties  
2 for the late filing of or the failure to file statements listing property for  
3 assessment and the discovery of escaped property; reporting changes  
4 after initial statement; relating to income taxation; decreasing the  
5 penalties for failing to timely remit withholding income taxes of  
6 employees by employers; relating to sales and compensating use tax;  
7 providing for a sales tax exemption for sales of property and services  
8 used in the provision of communications services; amending K.S.A.  
9 79-306, 79-332a, 79-1422, 79-1427a and 79-32,107 and K.S.A. 2023  
10 Supp. 79-3606 and repealing the existing sections.

11

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

13 Section 1. K.S.A. 79-306 is hereby amended to read as follows: 79-  
14 306. On or before March 15 of each year, or the next following business  
15 day if such date falls on a day other than a regular business day, every  
16 person, association, company or corporation required by this act to list  
17 property shall make and personally sign a statement listing all tangible  
18 personal property ~~which by this act~~ that such person is required to list by  
19 *this act*, either as the owner thereof; or as parent, guardian, trustee,  
20 executor, administrator, receiver, accounting officer, partner or agent, as  
21 the case may be, and deliver the same to the county appraiser of the county  
22 where such property has its situs for the purpose of taxation. In addition to  
23 the foregoing requirements, any such statement prepared by a personal  
24 property tax rendition form preparer shall be certified as true and correct  
25 by such preparer's signature. *If a person has filed an initial statement*  
26 *listing property with the county appraiser pursuant to this section, no*  
27 *subsequent annual statement shall be required to be filed with the county*  
28 *appraiser regarding such property unless there is a change to a report*  
29 *relating to the property previously listed or the statement.*

30 Sec. 2. K.S.A. 79-332a is hereby amended to read as follows: 79-  
31 332a. (a) Any person, corporation or association owning oil and gas leases  
32 or engaged in operating for oil or gas who fails to make and file a  
33 statement of assessment on or before April 1 shall be subject to a penalty  
34 as follows:

35 (1) The appraiser shall, after having ascertained the assessed value of  
36 the property of such taxpayer, add ~~5%~~ 2% thereto as a penalty for late

1 filing if the failure is not for more than one month, with an additional ~~5%~~  
2 2% for each additional month or fraction thereof during which such failure  
3 continues, not exceeding ~~25%~~ 10% in the aggregate.

4 (2) If the statement of assessment is filed more than one year from  
5 April 1, the appraiser shall, after having ascertained the assessed value of  
6 the property of such taxpayer, add ~~50%~~ 12.5% thereto as a penalty for late  
7 filing. The county treasurer may not distribute any taxes assessed under  
8 this section and paid under protest by the taxpayer pursuant to K.S.A. 79-  
9 2005, and amendments thereto, until such time as the appeal is final.

10 (b) For good cause shown, the county appraiser may extend the time  
11 in which to make and file such statement. Such request for extension of  
12 time shall be in writing and ~~shall be~~ received by the county appraiser prior  
13 to the due date of the statement of assessment.

14 (c) Whenever any person, corporation or association owning oil and  
15 gas leases or engaged in operating for oil or gas ~~shall fail~~ fails to make and  
16 deliver to the county appraiser of every county wherein the property to be  
17 assessed is located; a full and complete statement of assessment relative to  
18 such property as required by blank forms prepared or approved ~~for the~~  
19 ~~purpose~~ by the director of property valuation to elicit the information  
20 necessary to fix the valuation of the property, the appraiser shall ascertain  
21 the assessed value of the property of such taxpayer; and ~~shall add~~ ~~50%~~  
22 12.5% thereto as a penalty for failing to file such statement.

23 (d) The state board of tax appeals shall have the authority to abate  
24 any penalty imposed under the provisions of this section and order the  
25 refund of the abated penalty; whenever excusable neglect on the part of the  
26 person, corporation or association required to make and file the statement  
27 of assessment is shown; or whenever the property for which a statement of  
28 assessment was not filed as required by law is repossessed, judicially or  
29 otherwise, by a secured creditor and such secured creditor pays the taxes  
30 and interest due.

31 Sec. 3. K.S.A. 79-1422 is hereby amended to read as follows: 79-  
32 1422. (a) Any person required to file a statement listing property for  
33 assessment and taxation purposes under the provisions of this act who fails  
34 to make and file such statement on or before the date prescribed by K.S.A.  
35 79-306, and amendments thereto, shall be subject to a penalty as follows:

36 The appraiser shall, after having ascertained the assessed value of the  
37 property of such taxpayer, add ~~5%~~ 2% thereto as a penalty for late filing if  
38 the failure is not for more than one month, with an additional ~~5%~~ 2% for  
39 each additional month or fraction thereof during which such failure  
40 continues, not exceeding ~~25%~~ 10% in the aggregate.

41 For good cause shown the appraiser ~~may~~ shall extend ~~the~~ a reasonable  
42 amount of time ~~in which~~ to make and file such statement. Such request for  
43 extension of time must be in writing and ~~shall~~ state just and adequate

1 reasons ~~on~~ upon which the request ~~may~~ shall be granted. ~~The request must~~  
2 ~~be received by the appraiser prior to the due date of the statement. For~~  
3 ~~purposes of this section, on and after January 1, 2022, good cause for~~  
4 ~~granting an extension of time in which to make and file a statement listing~~  
5 ~~property for assessment and taxation purposes shall include, but not be~~  
6 ~~limited to, the previous classification of the property as real property or as~~  
7 ~~a fixture to real property. Such previous classification shall specifically~~  
8 ~~include, but not be limited to, machinery and equipment used in the grain~~  
9 ~~storage and processing industry, ethanol processing industry or other~~  
10 ~~biofuels processing industry that had been previously classified as real~~  
11 ~~property or fixtures to real property.~~

12 (b) If, within one year following the date prescribed by K.S.A. 79-  
13 306, and amendments thereto, any person ~~shall fail~~ fails to make and file  
14 the statement listing property for assessment and taxation purposes or ~~shall~~  
15 ~~fail to make and file~~ a full and complete statement listing property for such  
16 purposes, the appraiser shall proceed to ascertain the assessed value of the  
17 property of such taxpayer, and for this purpose, the appraiser may examine  
18 under oath any person or persons whom the appraiser deems to have  
19 knowledge thereof. The appraiser shall, after having ascertained the  
20 assessed value of such property, add ~~50%~~ 12.5% thereto as a penalty for  
21 failure to file such statement or for failure to file a full and complete  
22 statement.

23 (c) The state board of tax appeals ~~or the county appraiser shall have~~  
24 ~~the authority to~~ abate any penalty imposed under the provisions of this  
25 section and order the refund of the abated penalty; whenever excusable  
26 neglect on the part of the person required to make and file the statement  
27 listing property for assessment and taxation purposes is shown; or  
28 whenever the property for which a statement of assessment was not filed  
29 as required by law is repossessed, judicially or otherwise, by a secured  
30 creditor and such secured creditor pays the taxes and interest due. *For*  
31 *purposes of this section, on and after January 1, 2022, excusable neglect*  
32 *for the failure to make and file a statement listing property for assessment*  
33 *and taxation purposes shall include, but not be limited to, the previous*  
34 *classification of the property as real property or as a fixture to real*  
35 *property. Such previous classification shall specifically include, but not be*  
36 *limited to, machinery and equipment used in the grain storage and*  
37 *processing industry, ethanol processing industry or other biofuels*  
38 *processing industry that had been previously classified as real property or*  
39 *fixtures to real property.*

40 Sec. 4. K.S.A. 79-1427a is hereby amended to read as follows: 79-  
41 1427a. (a) If, the county appraiser discovers, after the tax roll has been  
42 certified to the county clerk, that any tangible personal property subject to  
43 taxation has been omitted from the tax rolls, the county clerk shall place

1 such property on the tax roll as an added tax, or if, after one year from the  
2 date prescribed by K.S.A. 79-306, and amendments thereto, for the listing  
3 of tangible personal property, the county appraiser discovers that any  
4 tangible personal property ~~which that~~ was subject to taxation in any year  
5 or years within two years next preceding January 1 of the calendar year in  
6 which it was discovered *that such property* has not been listed or has been  
7 underreported for whatever reason, such property shall be deemed to have  
8 escaped taxation. In the case of property ~~which that~~ has not been listed, it  
9 shall be the duty of the county appraiser to list and appraise such property  
10 and, for an added tax, add penalties as prescribed in K.S.A. 79-1422, and  
11 amendments thereto, ~~and~~ which shall be designated on the appraisal roll as  
12 an added appraisal for that year. In the case of property ~~which that~~ has  
13 escaped taxation, it shall be the duty of the county appraiser to list and  
14 appraise such property and add ~~50%~~ 12.5% thereto as a penalty for  
15 escaping taxation for each such year during which such property was not  
16 listed, ~~and it~~ *which* shall be designated on the appraisal roll as "escaped  
17 appraisal" for each such preceding year or years. In the case of property  
18 ~~which that~~ has been listed but underreported, it shall be the duty of the  
19 county appraiser to list and appraise the underreported portion of such  
20 property and add ~~50%~~ 12.5% thereto as a penalty for escaping taxation for  
21 each such year during which such property was underreported, ~~and it~~  
22 *which* shall be designated on the appraisal roll as "escaped appraisal" for  
23 each such preceding year or years. The county clerk, upon receipt of the  
24 valuation for such property in either of the aforementioned cases, shall  
25 place such property on the tax rolls and compute the amount of tax due  
26 based upon the mill levy for the year or years in which such tax should  
27 have been levied; ~~and shall~~ certify such amount to the county treasurer as  
28 an added or escaped appraisal. The amount of such tax shall be due  
29 immediately and payable within 45 days after the issuance of an additional  
30 or escaped property tax bill by the county treasurer. The county treasurer  
31 may not distribute any taxes assessed under this section and paid under  
32 protest by the taxpayer pursuant to K.S.A. 79-2005, and amendments  
33 thereto, until such time as the appeal is final. No interest shall be imposed  
34 unless the tax remains unpaid after such 45-day period. Taxes levied  
35 pursuant to this section ~~which that~~ remain unpaid after such 45-day period  
36 shall be deemed delinquent, and the county treasurer shall collect and  
37 distribute such tax in the same manner as prescribed by law for the  
38 collection and distribution of other taxes levied upon property ~~which that~~  
39 are delinquent. If the owner of such property is deceased, taxes charged as  
40 ~~herein~~ provided *in this subsection* shall be levied against the estate of such  
41 deceased person for only two calendar years preceding death and ~~shall be~~  
42 paid by the legal representative or representatives of such estate. In the  
43 event that such escaped appraisal is due to any willful or clerical error of

1 the county appraiser, such property shall be appraised at ~~its~~ *such property's*  
2 fair market value, and no penalty shall be added.

3 (b) A taxpayer with a grievance as to any penalty applied pursuant to  
4 the provisions of this section; may appeal to the state board of tax appeals  
5 on forms prepared by the state board of tax appeals and provided by the  
6 county appraiser. The state board of tax appeals shall have the authority to  
7 abate any penalty imposed under the provisions of this section and order  
8 the refund of the abated penalty; whenever excusable neglect on the part of  
9 the person required to make and file the statement listing property for  
10 assessment and taxation purposes is shown; or whenever the property  
11 ~~which~~ *that* has been deemed to have escaped taxation is repossessed,  
12 judicially or otherwise, by a secured creditor and such creditor pays the  
13 taxes and interest due. No interest shall be assessed during the pendency of  
14 this appeal.

15 (c) The provisions of this section shall apply to any tangible personal  
16 property discovered during the calendar years 1982, 1983, 1984 and any  
17 year thereafter to have escaped appraisal and taxation during any such year  
18 or any year within two years next preceding any such year.

19 Sec. 5. K.S.A. 79-32,107 is hereby amended to read as follows: 79-  
20 32,107. (a) All penalties and interest prescribed by K.S.A. 79-3228, and  
21 amendments thereto, for noncompliance with the income tax laws of  
22 Kansas shall be applicable for noncompliance with the provisions of the  
23 Kansas withholding and declaration of estimated tax act relating to  
24 withholding tax, which shall be enforced in the same manner as the Kansas  
25 income tax act. A penalty at the same rate per annum prescribed by  
26 ~~subsection (b) of~~ K.S.A. 79-2968(b), and amendments thereto, for interest  
27 upon delinquent or unpaid taxes shall be applied and added to a taxpayer's  
28 amount of underpayment of estimated tax due from the date the estimated  
29 tax payment was due until the same is paid or until the 15<sup>th</sup> day of the  
30 fourth month following the close of the taxable year for which such  
31 estimated tax is a credit, whichever date is earlier, but such penalty shall  
32 not be added if the total amount thereof does not exceed \$1. For purposes  
33 of this subsection, the amount of underpayment of estimated tax shall be  
34 the excess of the amount of the installment ~~which~~ *that* would be required  
35 to be paid if the estimated tax were equal to 90% of the tax shown on the  
36 return for the taxable year or, if no return was filed, 90% of the tax for  
37 such year, over the amount, if any, of the installment paid on or before the  
38 last date prescribed for payment. Amounts due from any employer on  
39 account of withholding or from any taxpayer for estimated tax may be  
40 collected by the director in the manner provided for the collection of state  
41 income tax in K.S.A. 79-3235, and amendments thereto. For purposes of  
42 this subsection, "underpayment of tax" means the difference between the  
43 amount of tax actually paid and the amount of tax ~~which~~ *that* would have

1 been required to be paid to avoid penalty pursuant to subsection (b) or (c).

2 (b) No penalty or interest shall be imposed upon any individual with  
3 respect to any underpayment of any installment if the total amount of all  
4 payments of estimated tax made on or before the last date prescribed for  
5 the payment of such installment equals or exceeds the amount ~~which~~ *that*  
6 would have been required to be paid on or before such date if the  
7 estimated tax were whichever of the following is the least:

8 (1) The tax shown on the return of the individual for the preceding  
9 taxable year, if a return showing a liability for tax was filed by the  
10 individual for the preceding taxable year;

11 (2) zero if no return was required to be filed or ~~if~~ the tax liability on  
12 the individual's return was less than \$200 for the preceding taxable year;

13 (3) an amount equal to  $66\frac{2}{3}\%$ , in the case of individuals referred to  
14 ~~in subsection (b) of K.S.A. 79-32,102(b)~~, and amendments thereto, and  
15 90%, in the case of all other individuals, of the tax for the taxable year,  
16 computed by placing on an annualized basis, pursuant to rules and  
17 regulations adopted by the secretary of revenue, the taxable income for the  
18 months in the taxable year ending before the month in which the  
19 installment is required to be made.

20 (c) No penalty or interest shall be imposed upon any corporation with  
21 respect to any underpayment of any installment of estimated tax if the total  
22 amount of all payments of estimated tax made on or before the last date  
23 prescribed for the payment of such installment equals or exceeds the  
24 amount ~~which~~ *that* would have been required to be paid on or before such  
25 date if the estimated tax were whichever of the following is the least:

26 (1) The tax shown on the return of the corporation for the preceding  
27 taxable year; if a return showing a liability for tax was filed by the  
28 corporation for the preceding taxable year, or zero, if no return was  
29 required to be filed; or ~~if~~ the tax liability on the corporation's return was  
30 less than \$500 for the preceding taxable year; or

31 (2) (A) an amount equal to 90% of the tax for the taxable year,  
32 computed by placing on an annualized basis the taxable income:

33 (i) For the first three months of the taxable year, in the case of the  
34 installment required to be paid in the fourth month;

35 (ii) for the first three months or for the first five months of the taxable  
36 year, in the case of the installment required to be paid in the sixth month;

37 (iii) for the first six months or for the first eight months of the taxable  
38 year, in the case of the installment required to be paid in the ninth month;  
39 and

40 (iv) for the first nine months or for the first 11 months of the taxable  
41 year, in the case of the installment required to be paid in the 12<sup>th</sup> month of  
42 the taxable year.

43 (B) For purposes of this ~~subsection~~ *paragraph* (2), the taxable income

1 shall be placed on an annualized basis by:

2 (i) Multiplying by 12 the taxable income referred to in ~~subsection (2)~~  
3 ~~(A)~~; *subparagraph (A)*; and

4 (ii) dividing the resulting amount by the number of months in the  
5 taxable year (three, five, six, eight, nine, or 11, as the case may be)  
6 referred to in ~~subsection (2)(A)~~ *subparagraph (A)*.

7 (d) If the employer, in violation of the provisions of this act, fails to  
8 deduct and withhold under this chapter, and thereafter, the tax *is paid*  
9 against which such withholding may be credited ~~is paid~~, the amount  
10 otherwise required to be deducted and withheld shall not be collected from  
11 the employer. This subsection shall in no case relieve the employer from  
12 liability for any penalties or additions to the tax otherwise applicable in  
13 respect of such failure to deduct and withhold.

14 (e) Any person *who is* required to collect, truthfully account for; and  
15 pay over any tax imposed by this act, ~~who~~ but willfully fails to collect such  
16 tax, or truthfully account for and pay over such tax, or willfully attempts in  
17 any manner to evade or defeat any such tax or the payment thereof; shall,  
18 in addition to the other penalties of this section, be liable to a penalty equal  
19 to the total amount of the tax evaded, or not collected, or not accounted for  
20 and paid over. As used in this section, "willfully" has the same meaning as  
21 such term ~~has is used~~ for federal tax purposes in 26 U.S.C. § 6672.

22 (f) (1) In case of failure by any employer required by ~~subsection (b)~~  
23 ~~of~~ K.S.A. 79-3298(b), and amendments thereto, to remit any amount of  
24 withheld taxes by the date prescribed therefor, unless it is shown that such  
25 failure is due to reasonable cause and not due to willful neglect, there shall  
26 be imposed upon such person a penalty of ~~15% of the amount of the~~  
27 ~~underpayment~~:

28 (A) *2% of the amount of the underpayment if remitted within one to*  
29 *five days;*

30 (B) *5% of the amount of the underpayment if remitted within six to 15*  
31 *days;*

32 (C) *10% of the amount of the underpayment if remitted after 15 days;*  
33 *and*

34 (D) *15% of the amount of the underpayment if remitted after 15 days*  
35 *and the department has issued a notice to the person regarding the*  
36 *underpayment but the amount of the underpayment was not remitted*  
37 *within 10 days of issuance of the notice.*

38 (2) For purposes of this subsection, the term "underpayment" means  
39 the excess of the amount of the tax required to be withheld and remitted  
40 over the amount, if any, remitted on or before the date prescribed therefor.  
41 The failure to remit for any withholding period shall be deemed not to  
42 continue beyond the last date prescribed for filing the annual return as  
43 required by ~~subsection (d)~~ of K.S.A. 79-3298(d), and amendments thereto.

1 Penalty and interest as prescribed by K.S.A. 79-3228, and amendments  
2 thereto, shall not begin to accrue under subsection (a) ~~of this section~~ on the  
3 amount of any such underpayment until the due date of the annual return  
4 for the calendar year in which such failure to remit occurs.

5 (g) Whenever the secretary or the secretary's designee determines that  
6 the failure of the taxpayer to comply with the provisions of subsections (a),  
7 (e); or (f) ~~of this section~~ was due to reasonable causes, the secretary or the  
8 secretary's designee may waive or reduce any of ~~said~~ such penalties and  
9 ~~may~~ reduce the interest rate to the underpayment rate prescribed and  
10 determined for the applicable period under section 6621 of the federal  
11 internal revenue code as in effect on January 1, 1994, upon making a  
12 record of the reasons therefor.

13 Sec. 6. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as  
14 follows: 79-3606. The following shall be exempt from the tax imposed by  
15 this act:

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

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



1 in such business;

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

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

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

1 79-3615(h), and amendments thereto;

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

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

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

1 modification and repair of aircraft;

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

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

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

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

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

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

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

40 (o) all sales of animals, fowl and aquatic plants and animals, the  
41 primary purpose of which is use in agriculture or aquaculture, as defined in  
42 K.S.A. 47-1901, and amendments thereto, the production of food for  
43 human consumption, the production of animal, dairy, poultry or aquatic

1 plant and animal products, fiber or fur, or the production of offspring for  
2 use for any such purpose or purposes;

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

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

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

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

1 by a rural water district organized or operating under the authority of  
2 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
3 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
4 3522 et seq. or 19-3545, and amendments thereto, which property or  
5 services are used in the construction activities, operation or maintenance of  
6 the district;

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

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

36 (v) all sales of tangible personal property to any contractor for use in  
37 preparing meals for delivery to homebound elderly persons over 60 years  
38 of age and to homebound disabled persons or to be served at a group-  
39 sitting at a location outside of the home to otherwise homebound elderly  
40 persons over 60 years of age and to otherwise homebound disabled  
41 persons, as all or part of any food service project funded in whole or in  
42 part by government or as part of a private nonprofit food service project  
43 available to all such elderly or disabled persons residing within an area of

1 service designated by the private nonprofit organization, and all sales of  
2 tangible personal property for use in preparing meals for consumption by  
3 indigent or homeless individuals whether or not such meals are consumed  
4 at a place designated for such purpose, and all sales of food products by or  
5 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

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

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

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

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

43 (ff) on and after July 1, 1988, all sales of new mobile homes or



1 manufactured homes to the extent of 40% of the gross receipts, determined  
2 without regard to any trade-in allowance, received from such sale. As used  
3 in this subsection, "mobile homes" and "manufactured homes" mean the  
4 same as defined in K.S.A. 58-4202, and amendments thereto;

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

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

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

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

42 (kk) (1) (A) all sales of machinery and equipment that are used in this  
43 state as an integral or essential part of an integrated production operation

1 by a manufacturing or processing plant or facility;

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

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

6 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

43 (E) test or measure raw materials, the property undergoing

1 manufacturing or processing of the finished product, as a necessary part of  
2 the manufacturer's integrated production operations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (E) furniture and other furnishings;

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

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

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

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

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

43 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

43 (bbb) all sales of food for human consumption by an organization that

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

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

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

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

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

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

41 (ggg) all sales of tangible personal property and services purchased  
42 by or on behalf of the Kansas academy of science, which is exempt from  
43 federal income taxation pursuant to section 501(c)(3) of the federal

1 internal revenue code of 1986, and used solely by such academy for the  
2 preparation, publication and dissemination of education materials;

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

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

1 certificate was issued, such organization concerned shall be liable for tax  
2 on all materials purchased for the project, and upon payment thereof it  
3 may recover the same from the contractor together with reasonable  
4 attorney fees. Any contractor or any agent, employee or subcontractor  
5 thereof, who shall use or otherwise dispose of any materials purchased  
6 under such a certificate for any purpose other than that for which such a  
7 certificate is issued without the payment of the sales or compensating tax  
8 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
9 and, upon conviction therefor, shall be subject to the penalties provided for  
10 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
11 July 1, 2005, but prior to the effective date of this act upon the gross  
12 receipts received from any sale exempted by the amendatory provisions of  
13 this subsection shall be refunded. Each claim for a sales tax refund shall be  
14 verified and submitted to the director of taxation upon forms furnished by  
15 the director and shall be accompanied by any additional documentation  
16 required by the director. The director shall review each claim and shall  
17 refund that amount of sales tax paid as determined under the provisions of  
18 this subsection. All refunds shall be paid from the sales tax refund fund  
19 upon warrants of the director of accounts and reports pursuant to vouchers  
20 approved by the director or the director's designee;

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

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

1 personal property by or on behalf of any such organization;

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

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

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

17 (ppp) all sales of tangible personal property and services purchased  
18 by or on behalf of a homeless shelter that is exempt from federal income  
19 taxation pursuant to section 501(c)(3) of the federal income tax code of  
20 1986, and used by any such homeless shelter to provide emergency and  
21 transitional housing for individuals and families experiencing  
22 homelessness, and all sales of any such property by or on behalf of any  
23 such homeless shelter for any such purpose;

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



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

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

34 (sss) all sales of tangible personal property and services purchased by  
35 catholic charities or youthville, hereinafter referred to as charitable family  
36 providers, which is exempt from federal income taxation pursuant to  
37 section 501(c)(3) of the federal internal revenue code of 1986, and which  
38 such property and services are used for the purpose of providing  
39 emergency shelter and treatment for abused and neglected children as well  
40 as meeting additional critical needs for children, juveniles and family, and  
41 all sales of any such property by or on behalf of charitable family  
42 providers for any such purpose; and all sales of tangible personal property  
43 or services purchased by a contractor for the purpose of constructing,

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

38 (ttt) all sales of tangible personal property or services purchased by a  
39 contractor for a project for the purpose of restoring, constructing,  
40 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
41 remodeling a home or facility owned by a nonprofit museum that has been  
42 granted an exemption pursuant to subsection (qq), which such home or  
43 facility is located in a city that has been designated as a qualified

1 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
2 amendments thereto, and which such project is related to the purposes of  
3 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
4 exempt from taxation under the provisions of this section if purchased  
5 directly by such nonprofit museum. Nothing in this subsection shall be  
6 deemed to exempt the purchase of any construction machinery, equipment  
7 or tools used in the restoring, constructing, equipping, reconstructing,  
8 maintaining, repairing, enlarging, furnishing or remodeling a home or  
9 facility for any such nonprofit museum. When any such nonprofit museum  
10 shall contract for the purpose of restoring, constructing, equipping,  
11 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
12 a home or facility, it shall obtain from the state and furnish to the  
13 contractor an exemption certificate for the project involved, and the  
14 contractor may purchase materials for incorporation in such project. The  
15 contractor shall furnish the number of such certificates to all suppliers  
16 from whom such purchases are made, and such suppliers shall execute  
17 invoices covering the same bearing the number of such certificate. Upon  
18 completion of the project, the contractor shall furnish to such nonprofit  
19 museum a sworn statement on a form to be provided by the director of  
20 taxation that all purchases so made were entitled to exemption under this  
21 subsection. All invoices shall be held by the contractor for a period of five  
22 years and shall be subject to audit by the director of taxation. If any  
23 materials purchased under such a certificate are found not to have been  
24 incorporated in the building or other project or not to have been returned  
25 for credit or the sales or compensating tax otherwise imposed upon such  
26 materials that will not be so incorporated in a home or facility or other  
27 project reported and paid by such contractor to the director of taxation not  
28 later than the 20<sup>th</sup> day of the month following the close of the month in  
29 which it shall be determined that such materials will not be used for the  
30 purpose for which such certificate was issued, such nonprofit museum  
31 shall be liable for tax on all materials purchased for the project, and upon  
32 payment thereof it may recover the same from the contractor together with  
33 reasonable attorney fees. Any contractor or any agent, employee or  
34 subcontractor thereof, who shall use or otherwise dispose of any materials  
35 purchased under such a certificate for any purpose other than that for  
36 which such a certificate is issued without the payment of the sales or  
37 compensating tax otherwise imposed upon such materials, shall be guilty  
38 of a misdemeanor and, upon conviction therefor, shall be subject to the  
39 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

40 (uuu) all sales of tangible personal property and services purchased  
41 by Kansas children's service league, hereinafter referred to as KCSL,  
42 which is exempt from federal income taxation pursuant to section 501(c)  
43 (3) of the federal internal revenue code of 1986, and which such property

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

42 (vvv) all sales of tangible personal property or services, including the  
43 renting and leasing of tangible personal property or services, purchased by

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

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

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

1 so incorporated in such facilities reported and paid by such contractor to  
2 the director of taxation not later than the 20<sup>th</sup> day of the month following  
3 the close of the month in which it shall be determined that such materials  
4 will not be used for the purpose for which such certificate was issued, such  
5 organization concerned shall be liable for tax on all materials purchased  
6 for the project, and upon payment thereof it may recover the same from  
7 the contractor together with reasonable attorney fees. Any contractor or  
8 any 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. Sales tax paid on and after January 1, 2007, but prior  
15 to the effective date of this act upon the gross receipts received from any  
16 sale which would have been exempted by the provisions of this subsection  
17 had such sale occurred after the effective date of this act shall be refunded.  
18 Each claim for a sales tax refund shall be verified and submitted to the  
19 director of taxation upon forms furnished by the director and shall be  
20 accompanied by any additional documentation required by the director.  
21 The director shall review each claim and shall refund that amount of sales  
22 tax paid as determined under the provisions of this subsection. All refunds  
23 shall be paid from the sales tax refund fund upon warrants of the director  
24 of accounts and reports pursuant to vouchers approved by the director or  
25 the director's designee;

26 (yyy) all sales of tangible personal property and services purchased  
27 by TLC charities foundation, inc., hereinafter referred to as TLC charities,  
28 which is exempt from federal income taxation pursuant to section 501(c)  
29 (3) of the federal internal revenue code of 1986, and which such property  
30 and services are used for the purpose of encouraging private philanthropy  
31 to further the vision, values, and goals of TLC for children and families,  
32 inc.; and all sales of such property and services by or on behalf of TLC  
33 charities for any such purpose and all sales of tangible personal property or  
34 services purchased by a contractor for the purpose of constructing,  
35 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
36 the operation of services for TLC charities for any such purpose that would  
37 be exempt from taxation under the provisions of this section if purchased  
38 directly by TLC charities. Nothing in this subsection shall be deemed to  
39 exempt the purchase of any construction machinery, equipment or tools  
40 used in the constructing, maintaining, repairing, enlarging, furnishing or  
41 remodeling such facilities for TLC charities. When TLC charities contracts  
42 for the purpose of constructing, maintaining, repairing, enlarging,  
43 furnishing or remodeling such facilities, it shall obtain from the state and

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

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

33 (aaaa) all sales of personal property and services purchased by or on  
34 behalf of victory in the valley, inc., which 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 a cancer support group and services for  
37 persons with cancer, and all sales of any such property by or on behalf of  
38 any such organization for any such purpose;

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

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

10 (dddd) all sales of tangible personal property or services purchased  
11 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
12 of which are exempt from federal income taxation pursuant to section  
13 501(c)(3) of the federal internal revenue code, for the purpose of providing  
14 education, training and employment opportunities for people with  
15 disabilities and other barriers to employment;

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

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



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

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

28 (hhhh) all sales of tangible personal property or services purchased  
29 on or after July 1, 2014, for the purpose of and in conjunction with  
30 constructing, reconstructing, enlarging or remodeling a business identified  
31 under the North American industry classification system (NAICS)  
32 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
33 installation of machinery and equipment purchased for installation at any  
34 such business. The exemption provided in this subsection shall not apply  
35 to projects that have actual total costs less than \$50,000. When a person  
36 contracts for the construction, reconstruction, enlargement or remodeling  
37 of any such business, such person shall obtain from the state and furnish to  
38 the contractor an exemption certificate for the project involved, and the  
39 contractor may purchase materials, machinery and equipment for  
40 incorporation in such project. The contractor shall furnish the number of  
41 such certificates to all suppliers from whom such purchases are made, and  
42 such suppliers shall execute invoices covering the same bearing the  
43 number of such certificate. Upon completion of the project, the contractor

1 shall furnish to the owner of the business a sworn statement, on a form to  
2 be provided by the director of taxation, that all purchases so made were  
3 entitled to exemption under this subsection. All invoices shall be held by  
4 the contractor for a period of five years and shall be subject to audit by the  
5 director of taxation. Any contractor or any agent, employee or  
6 subcontractor of the contractor, who shall use or otherwise dispose of any  
7 materials, machinery or equipment purchased under such a certificate for  
8 any purpose other than that for which such a certificate is issued without  
9 the payment of the sales or compensating tax otherwise imposed thereon,  
10 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
11 subject to the penalties provided for in K.S.A. 79-3615(h), and  
12 amendments thereto;

13 (iii) all sales of tangible personal property or services purchased by a  
14 contractor for the purpose of constructing, maintaining, repairing,  
15 enlarging, furnishing or remodeling facilities for the operation of services  
16 for Wichita children's home for any such purpose that would be exempt  
17 from taxation under the provisions of this section if purchased directly by  
18 Wichita children's home. Nothing in this subsection shall be deemed to  
19 exempt the purchase of any construction machinery, equipment or tools  
20 used in the constructing, maintaining, repairing, enlarging, furnishing or  
21 remodeling such facilities for Wichita children's home. When Wichita  
22 children's home contracts for the purpose of constructing, maintaining,  
23 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
24 from the state and furnish to the contractor an exemption certificate for the  
25 project involved, and the contractor may purchase materials for  
26 incorporation in such project. The contractor shall furnish the number of  
27 such certificate to all suppliers from whom such purchases are made, and  
28 such suppliers shall execute invoices covering the same bearing the  
29 number of such certificate. Upon completion of the project, the contractor  
30 shall furnish to Wichita children's home a sworn statement, on a form to be  
31 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 the  
34 director of taxation. If any materials purchased under such a certificate are  
35 found not to have been incorporated in the building or other project or not  
36 to have been returned for credit or the sales or compensating tax otherwise  
37 imposed upon such materials that will not be so incorporated in the  
38 building or other project reported and paid by such contractor to the  
39 director of taxation not later than the 20<sup>th</sup> day of the month following the  
40 close of the month in which it shall be determined that such materials will  
41 not be used for the purpose for which such certificate was issued, Wichita  
42 children's home shall be liable for the tax on all materials purchased for the  
43 project, and upon payment, it may recover the same from the contractor

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

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

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

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

1 materials purchased under such a certificate are found not to have been  
2 incorporated in such facilities or not to have been returned for credit or the  
3 sales or compensating tax otherwise imposed upon such materials that will  
4 not be so incorporated in such facilities reported and paid by such  
5 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
6 following the close of the month in which it shall be determined that such  
7 materials will not be used for the purpose for which such certificate was  
8 issued, such organization concerned shall be liable for tax on all materials  
9 purchased for the project, and upon payment thereof it may recover the  
10 same from the contractor together with reasonable attorney fees. Any  
11 contractor or any agent, employee or subcontractor thereof, who purchased  
12 under such a certificate for any purpose other than that for which such a  
13 certificate is issued without the payment of the sales or compensating tax  
14 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
15 and, upon conviction therefor, shall be subject to the penalties provided for  
16 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
17 subsection shall expire and have no effect on and after July 1, 2019;

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

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

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

1 incorporation in such project. The contractor shall furnish the number of  
2 such certificates to all suppliers from whom such purchases are made, and  
3 such suppliers shall execute invoices covering the same bearing the  
4 number of such certificate. Upon completion of the project, the contractor  
5 shall furnish to the owner of the qualified firm or qualified supplier a  
6 sworn statement, on a form to be provided by the director of taxation, that  
7 all purchases so made were entitled to exemption under this subsection.  
8 All invoices shall be held by the contractor for a period of five years and  
9 shall be subject to audit by the director of taxation. Any contractor or any  
10 agent, employee or subcontractor thereof who shall use or otherwise  
11 dispose of any materials, machinery or equipment purchased under such a  
12 certificate for any purpose other than that for which such a certificate is  
13 issued without the payment of the sales or compensating tax otherwise  
14 imposed thereon, shall be guilty of a misdemeanor and, upon conviction  
15 therefor, shall be subject to the penalties provided for in K.S.A. 79-  
16 3615(h), and amendments thereto. As used in this subsection, "qualified  
17 business facility," "qualified firm" and "qualified supplier" mean the same  
18 as defined in K.S.A. 2023 Supp. 74-50,311, and amendments thereto;

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

32 (2) all sales of tangible personal property or services purchased by a  
33 contractor for the purpose of constructing, equipping, reconstructing,  
34 maintaining, repairing, enlarging, furnishing or remodeling facilities for an  
35 area agency on aging that would be exempt from taxation under the  
36 provisions of this section if purchased directly by such area agency on  
37 aging. Nothing in this paragraph shall be deemed to exempt the purchase  
38 of any construction machinery, equipment or tools used in the  
39 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
40 furnishing or remodeling facilities for an area agency on aging. When an  
41 area agency on aging contracts for the purpose of constructing, equipping,  
42 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
43 facilities, it shall obtain from the state and furnish to the contractor an

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

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

34 (rrrr) (1) (A) *all sales of equipment, machinery, software, ancillary*  
35 *components, appurtenances, accessories or other infrastructure purchased*  
36 *for use in the provision of communications services; and*

37 (B) *all services purchased by a provider in the provision of the*  
38 *communications service used in the repair, maintenance or installation in*  
39 *such communications service.*

40 (2) *As used in this section:*

41 (A) *"Communications service" means internet access service,*  
42 *telecommunications service, video service or any combination thereof.*

43 (B) *"Equipment, machinery, software, ancillary components,*

1 *appurtenances, accessories or other infrastructure" includes, but is not*  
2 *limited to:*

3 *(i) Wires, cables, fiber, conduits, antennas, poles, switches, routers,*  
4 *amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,*  
5 *transmitters, circuit cards, insulating and protective materials and cases,*  
6 *power equipment, backup power equipment, diagnostic equipment,*  
7 *storage devices, modems, cable modem termination systems and servers;*

8 *(ii) other general central office or headend equipment, such as*  
9 *channel cards, frames and cabinets;*

10 *(iii) equipment used in successor technologies, including items used*  
11 *to monitor, test, maintain, enable or facilitate qualifying equipment,*  
12 *machinery, software, ancillary components, appurtenances and*  
13 *accessories; and*

14 *(iv) other infrastructure that is used in whole or in part to provide*  
15 *communications services, including broadcasting, distributing, sending,*  
16 *receiving, storing, transmitting, retransmitting, amplifying, switching,*  
17 *providing connectivity for or routing communications services.*

18 *(C) "Internet access service" means the same as internet access as*  
19 *defined in section 1105 of the internet tax freedom act amendments of*  
20 *2007, public law 110-108.*

21 *(D) "Provider" means a person or entity that sells communications*  
22 *service, including an affiliate or subsidiary.*

23 *(E) "Telecommunications service" means the same as defined in*  
24 *K.S.A. 79-3602, and amendments thereto.*

25 *(F) "Video service" means the same as defined in K.S.A. 12-2022,*  
26 *and amendments thereto.*

27 *(3) The provisions of this subsection shall expire and have no effect*  
28 *on and after July 1, 2029.*

29 *Sec. 7. K.S.A. 79-306, 79-332a, 79-1422, 79-1427a and 79-32,107*  
30 *and K.S.A. 2023 Supp. 79-3606 are hereby repealed.*

31 *Sec. 8. This act shall take effect and be in force from and after its*  
32 *publication in the statute book.*