

HOUSE BILL No. 2688

By Committee on Taxation

Requested by Representative A. Smith on behalf of Exploration Place, Inc.

2-5

1 AN ACT concerning sales taxation; relating to exemptions; providing a
2 sales tax exemption for exploration place, inc.; amending K.S.A. 2023
3 Supp. 79-3606 and repealing the existing section.
4

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

6 Section 1. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as
7 follows: 79-3606. The following shall be exempt from the tax imposed by
8 this act:

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

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

Proposed Amendments
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Kansas Children's Discovery Center, Inc.

- 1 *accounts and reports pursuant to vouchers approved by the director or the*
- 2 *director's designee. The provisions of this subsection shall expire and have*
- 3 *no effect on and after December 31, 2030.*
- 4 *Sec. 2. K.S.A. 2023 Supp. 79-3606 is hereby repealed.*
- 5 *Sec. 3. This act shall take effect and be in force from and after its*
- 6 *publication in the statute book.*

; and

(ssss) on and after January 1, 2024, all sales of tangible personal property or services purchased by the Kansas children's discovery center, inc., an organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and which such property and services are used for the purpose of constructing, remodeling, furnishing or equipping a hands-on children's museum with a mission to enhance the lives of children and enrich the communities it serves, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, remodeling, furnishing or equipping such project, for such organization, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, remodeling, furnishing or equipping of facilities for such organization. When such organization shall contract for the purpose of constructing, remodeling, furnishing or equipping such project, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such organization a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation no later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization shall be liable for tax on all materials purchased for the project, and upon payment thereof may recover the same from the contractor together with reasonable attorney fees. Any contractor or agent, employee or subcontractor thereof, who purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after January 1, 2024, but prior to the effective date of this act, upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee. The provisions of this subsection shall expire and have no effect after December 31, 2030.