

As Amended by House Committee

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

*As Amended by Senate Committee*

Session of 2023

**SENATE BILL No. 91**

By Committee on Commerce

1-24

1 AN ACT concerning economic development; enacting the Kansas film and  
2 digital media production development act; establishing an income tax  
3 credit, ~~and~~, sales tax exemption ~~and loan and grant~~ ***{and loan and***  
4 ***grant}*** program to be administered by the secretary of commerce for  
5 the purpose of developing film, video or digital production in Kansas;  
6 ~~establishing the Kansas film and digital media production development~~  
7 ~~act education fund and the Kansas film and digital media production~~  
8 ~~development act workforce training and business direct investment~~  
9 ~~fund; {establishing the Kansas film and digital media production~~  
10 ~~development act education fund and the Kansas film and digital~~  
11 ~~media production development act workforce training and business~~  
12 ~~direct investment fund;}~~ **requiring the secretary of commerce to**  
13 **issue reports on the economic impact of the act;** amending K.S.A.  
14 2022 Supp. 79-3606 and repealing the existing section.

15  
16 *Be it enacted by the Legislature of the State of Kansas:*

17 New Section 1. Sections 1 through ~~8-6~~ **8**, and amendments thereto,  
18 shall be known and may be cited as the Kansas film and digital media  
19 production development act. The purpose of the Kansas film and digital  
20 media production development act is to incentivize film, video or digital  
21 media productions in Kansas and facilitate the development and growth of  
22 a film, video or digital media production industry and associated  
23 businesses supporting the industry in this state.

24 New Sec. 2. As used in this act:

25 (a) "Above-the-line personnel" means any individual hired or credited  
26 on screen for an eligible production for work on the production or  
27 postproduction of film as a:

28 (1) Principal cast member compensated for the eligible production  
29 project at a screen actors guild schedule f or above payment rate; or

30 (2) producer, screenwriter or director.

31 (b) "Act" means the Kansas film and digital media production  
32 development act.

1 (c) "Affiliates" means those entities that are included in the  
2 production company's affiliated group as defined in section 1504(a) of the  
3 internal revenue code, 26 U.S.C. § 1504(a), and all other entities that are  
4 50% or more owned, directly or indirectly, by members of the affiliated  
5 group.

6 (d) "Based in Kansas" or "Kansas-based" means, in reference to a  
7 vendor, production company or company, that the vendor, production  
8 company or company is subject to income tax liability under the Kansas  
9 income tax act and has a physical presence in Kansas and, with respect to a  
10 production company, has maintained a physical presence in Kansas for at  
11 least six months prior to submitting an application to the secretary  
12 pursuant to section 3, and amendments thereto.

13 (e) "Certified production" or "certified project" means an eligible  
14 production that has agreed to one or more qualified Kansas promotions  
15 and that has been approved by the secretary of commerce as eligible for  
16 tax incentives pursuant to the provisions of section 3, and amendments  
17 thereto.

18 (f) "Crew" means any individual who works on production or  
19 postproduction for an eligible production. "Crew" does not include above-  
20 the-line personnel.

21 (g) (1) "Eligible production" or "eligible project" means a production:

22 (A) (i) Of a new film, video or digital project, or a portion or portions  
23 of such project, produced in this state, including a feature film,  
24 documentary, series, pilot, movie for television, televised commercial  
25 advertisement, music video, video game, content-based mobile application  
26 or a virtual reality, augmented reality, multi-media or new media project;

27 (ii) produced in whole or in part, in short or in long form, and may  
28 include animation, music and green screen, motion capture and similar  
29 production techniques;

30 (iii) fixed on a delivery system including, but not limited to, film  
31 format or reels, videotape, computer drive or disc, laser disc or any  
32 element of the digital domain, from which the program or completed  
33 project is viewed or reproduced; and

34 (iv) intended for multimarket commercial distribution via theaters,  
35 video on demand, direct to DVD, streaming, digital platforms or electronic  
36 delivery systems designed for the distribution or playing of interactive  
37 games, licensing for exhibition by individual television stations, groups of  
38 stations, networks, advertiser-supported sites, cable television stations,  
39 streaming companies or public broadcasting stations; and

40 (B) that incurs or is reasonably anticipated to incur qualified  
41 production or postproduction expenses of at least \$50,000, as determined  
42 by the secretary.

43 (2) "Eligible production" or "eligible project" does not include:

1 (A) The coverage of news or athletic events, local advertising, local  
2 interest programming, instructional videos, corporate videos, any project  
3 that is not intended for multimarket commercial distribution or any portion  
4 of a project not shot, recorded or created in Kansas; and

5 (B) any production of obscene material or an obscene performance as  
6 defined in K.S.A. 2022 Supp. 21-6401, and amendments thereto.

7 (3) For purposes of the income tax credit as allowed under section  
8 4(f), and amendments thereto, "eligible production" or "eligible project"  
9 means the same as defined in paragraphs (1) and (2), except that a  
10 production not intended for multimarket commercial distribution may be  
11 included and the amount of eligible expenses required shall be at least  
12 \$25,000.

13 (h) "Eligible television series" means a certified series television  
14 production project intended for multimarket commercial distribution, with  
15 an order for multiple episodes in a single season, not less than 25% of the  
16 series season is filmed within Kansas and the production incurs qualifying  
17 eligible expenses of more than \$50,000.

18 (i) "Eligible wages and salaries" means:

19 (1) (A) Wages or salaries paid by the production company to crew for  
20 work in Kansas designated as for production or for postproduction of an  
21 eligible production;

22 (B) for which the production company is required to remit  
23 withholding payments to the department of revenue under the Kansas  
24 withholding and declaration of estimated tax act; and

25 (C) at least 10% of the crew are residents of this state. The secretary  
26 and the Kansas arts industry director may agree upon a higher percentage  
27 requirement; and

28 (2) the amounts of wages, salaries or payments paid to above-the-line  
29 personnel, except that the eligible amount of such wages, salaries or  
30 payments shall not comprise more than 25% of qualified production  
31 expenditures as defined in subsection (s).

32 (j) "Film" means a professional single media, multimedia, video or  
33 audiovisual program or feature, that may be digital, that is not obscene  
34 material or an obscene performance as defined in K.S.A. 2022 Supp. 21-  
35 6401, and amendments thereto. "Film" includes, but is not limited to, film  
36 produced for an interactive game or a documentary, special, music video,  
37 television commercial or television program, or a portion thereof, that is  
38 filmed or taped for cable, television, streaming network, national or  
39 regional syndication or for a feature-length motion picture intended for  
40 theatrical release or for network, streaming, national or regional  
41 syndication or broadcast.

42 (k) "High-impact production" means a certified production for which  
43 production or postproduction expenditures are at least \$50,000,000, and at

1 least  $\frac{1}{3}$  of such total expenditures constitute qualified expenditures  
2 approved by the secretary of commerce.

3 (l) "Kansas film media industry development expenditure" means  
4 documented financial, promotional or in-kind contributions or educational  
5 or workforce development efforts, at standard rates set by the secretary of  
6 commerce in consultation with the Kansas creative arts industries  
7 commission, in partnership with related Kansas industry labor  
8 organizations or educational institutions, toward the furtherance of the  
9 Kansas film or digital media industry. Promotional efforts include, but are  
10 not limited to, the promotion of the Kansas industry by directors, actors or  
11 producers affiliated with the production company's project through social  
12 media that is managed by the state, radio or television interviews  
13 facilitated by the department of commerce, enhanced screen credit  
14 acknowledgments or related events that are facilitated, conducted or  
15 sponsored by the secretary of commerce or the Kansas creative arts  
16 industries commission.

17 (m) "Multi-film deal" means a certified project in which a production  
18 company films at least 75% of main crew principal photography for three  
19 or more films in this state within five years.

20 (n) "Nonresident crew member" means an individual who is not a  
21 Kansas resident and is hired for work on a an eligible production project  
22 within this state.

23 (o) "Production company" means a person, producer or company that  
24 produces film for, including, but not limited to, exhibition in theaters,  
25 television, interactive games, cable, syndication or streaming networks.  
26 "Production company" includes affiliates of a production company when  
27 approved by the secretary and identified in the agreement executed  
28 pursuant to section 3, and amendments thereto.

29 (p) (1) "Postproduction expenditures" means expenditures made in  
30 Kansas directly for postproduction activities in Kansas for an eligible  
31 production by a production company and includes, but are not limited to,  
32 the following categories:

33 (A) Eligible wages or salaries of above-the-line personnel or crew  
34 designated as postproduction;

35 (B) sound synchronization, recording or mixing;

36 (C) color grading;

37 (D) editing and related services;

38 (E) visual effects or special effects;

39 (F) computer graphics, special effects or animation services;

40 (G) film processing or format transfers;

41 (H) music production, recording, mixing or composition;

42 (I) licensing of music produced in this state or created by a Kansas  
43 resident;

1 (J) rental of facilities or equipment;

2 (K) leasing of vehicles, including leasing of airplanes, for  
3 postproduction-related transportation and costs of food and lodging; and

4 (L) other direct postproduction costs of an eligible production in  
5 accordance with generally accepted entertainment industry practices.

6 (2) "Postproduction expenditures" does not include:

7 (A) Goods, equipment or vehicles not purchased, rented or leased in  
8 Kansas from a Kansas-based vendor and when not used in Kansas;

9 (B) any expenditures for activities, work or services not conducted in  
10 Kansas and not performed by a Kansas-based vendor. A vendor that acts as  
11 a conduit to enable purchases, rentals or leases to qualify as "production  
12 expenditures" that would not otherwise qualify shall not be considered a  
13 Kansas-based vendor with respect to such purchases, rentals or leases; or

14 (C) costs for footage shot outside this state, marketing, story rights or  
15 distribution.

16 (q) (1) "Production expenditures" means expenditures made in  
17 Kansas directly related to or used for production activities in this state for  
18 an eligible production by a production company, including, but not limited to,  
19 the following categories:

20 (A) Eligible wages or salaries of above-the-line personnel or crew  
21 designated as production;

22 (B) set construction, maintenance, repair or modification, set  
23 furnishings and operations, wardrobe, make-up, materials used to construct  
24 costumes, props or scenery, accessories and related services;

25 (C) scripts, musical scores or storyboards and drafting and design  
26 supplies;

27 (D) photography, sound synchronization, lighting and related  
28 services;

29 (E) editing and related services;

30 (F) rental of buildings, facilities or equipment and leasing of vehicles,  
31 including, but not limited to, leasing of airplanes;

32 (G) transportation costs, including, but not limited to, leasing of  
33 vehicles or airplanes, directly related to production activities in Kansas;

34 (H) food and lodging;

35 (I) sound recording or mixing services;

36 (J) computer graphics, special effects and animation services;

37 (K) film processing or format transfers;

38 (L) airfare if purchased through a Kansas travel agency;

39 (M) insurance costs and bonding if purchased through a Kansas  
40 insurance agency; and

41 (N) other direct costs of producing film in accordance with generally  
42 accepted entertainment industry practices.

43 (2) "Production expenditures" does not include:

1 (A) Goods, equipment or vehicles not purchased, rented or leased in  
2 Kansas from a Kansas-based vendor;

3 (B) any expenditures for activities, work or services not conducted in  
4 Kansas and services not performed at the filming site unless the vendor is  
5 a Kansas-based vendor; and

6 (C) postproduction expenditures as defined in subsection (p) when  
7 used for postproduction activities.

8 (r) "Qualified postproduction expenditures" means the funds actually  
9 invested and expended by a production company that are postproduction  
10 expenditures made in this state and that are directly used in a certified  
11 production, including, but not limited to, any Kansas film media industry  
12 development expenditures, and approved by the secretary of commerce.  
13 "Qualified postproduction expenditures" shall not exceed the usual and  
14 customary cost of the goods or services acquired. The secretary of  
15 commerce or the secretary of revenue may determine the value of the  
16 goods or services for purposes of this section when the buyer and seller are  
17 affiliates, or the sale or purchase is not an arm's length transaction.  
18 "Qualified postproduction expenditures" does not include postproduction  
19 expenditures for which another taxpayer claims the production tax credit  
20 pursuant to section 4, and amendments thereto.

21 (s) "Qualified production expenditures" means the funds actually  
22 invested and expended by a production company that are production  
23 expenditures made in this state and directly used in a certified production,  
24 including any Kansas film media industry development expenditures, and  
25 approved by the secretary of commerce. "Qualified production  
26 expenditures" shall not exceed the usual and customary cost of the goods  
27 or services acquired. The secretary of commerce or the secretary of  
28 revenue may determine the value of the goods or services for purposes of  
29 this act when the buyer and seller are affiliates, or the sale or purchase is  
30 not an arm's length transaction. "Qualified production expenditures" does  
31 not include production expenditures for which another taxpayer claims the  
32 production tax credit pursuant to section 4, and amendments thereto.  
33 "Qualified production expenditures" does not include wages, salaries or  
34 payment paid to above-the-line personnel that constitute more than 25% of  
35 total production expenditures.

36 (t) "Qualified Kansas promotion" means a promotion of this state,  
37 approved by the secretary as to content, distribution, duration and  
38 placement within a production, video or interactive game or in associated  
39 online or other promotions, that consists of a static or animated logo that  
40 promotes Kansas, an embedded Kansas promotion or a Kansas  
41 advertisement and that may include a link to a Kansas website.

42 (u) "Secretary" means the secretary of commerce.

43 (v) "Vendor" means a business that sells or leases goods or services

1 that are related to standard production industry inventory or services.  
2 "Vendor" does not include a personal services business.

3 New Sec. 3. (a) There is hereby created the Kansas film and digital  
4 media industry development program. The purpose of the Kansas film and  
5 digital media industry development program is to:

6 (1) Provide tax incentives, including, but not limited to, an income  
7 tax credit and a sales tax exemption, for eligible projects produced in  
8 Kansas by production companies that meet the requirements of this act and  
9 are approved as certified projects by the secretary of commerce; and

10 (2) provide tax incentives, support programs or services, including,  
11 but not limited to, professional development, infrastructure investments  
12 and marketing efforts to develop film and digital media industry-related  
13 Kansas businesses.

14 (b) The program shall be administered by the secretary with the  
15 assistance of the Kansas creative arts industries commission. The secretary  
16 shall consult with the Kansas creative arts industries commission in  
17 administering this act to ensure the best possible use of Kansas resources  
18 for promoting and developing film and digital media production and  
19 related industry in Kansas. In determining whether to approve a project as  
20 a certified project, the secretary shall consider the immediate impact and  
21 potential future impact of the project on the development and growth of  
22 the Kansas film, video and digital media production industry. The  
23 secretary may limit, by category, specified eligible expenditures or total  
24 amounts of eligible production or postproduction expenditures that may be  
25 approved by the secretary as qualified production or postproduction  
26 expenditures. The aggregate total amount of income tax credits under this  
27 act shall not exceed \$10,000,000 in a tax year. The secretary shall  
28 designate 10% of such total aggregate amount in each tax year for tax  
29 credits for Kansas-based production companies to fulfill the purpose of  
30 this act as described in subsection (a)(2).

31 (c) To be eligible for an income tax credit or a sales tax exemption  
32 under this act, a production company shall, prior to the commencement of  
33 the project or of principal photography, submit the following to the  
34 secretary of commerce in the form and manner and with such  
35 documentation and other information as required by the secretary:

36 (1) An application for approval of the production as an eligible  
37 production and for designation as a certified production;

38 (2) evidence of adequate financing for the project;

39 (3) evidence of a certificate of general liability insurance with a  
40 minimum coverage of \$1,000,000, or a greater amount if required by the  
41 secretary, and workers compensation coverage in compliance with Kansas  
42 law that shall include coverage of employer liability;

43 (4) a description of the project, timelines and anticipated completion

1 dates, anticipated eligible expenditures and project activities to be  
2 conducted in Kansas, anticipated employment of crew or above-the-line  
3 personnel who are Kansas residents or use of Kansas-based vendors and  
4 any anticipated construction or contribution of production infrastructure or  
5 participation in Kansas film and digital media industry development  
6 activities; and

7 (5) an economic impact statement showing the economic impact from  
8 the activities of the project. Such economic impact statement shall indicate  
9 the impact on the region of the state in which the project production or  
10 production-related activities are conducted and any impact on the state as a  
11 whole. The secretary may consider the size of the project when  
12 determining the scope and information required.

13 (d) (1) If the secretary determines that the project is an eligible  
14 project and approves the application, the production company shall enter  
15 into an agreement with the secretary prior to the commencement of the  
16 project on such terms and conditions as the secretary may require. Such  
17 terms and conditions shall include, but not be limited to, qualified Kansas  
18 promotions to be provided and any limitations the secretary may impose  
19 on the amounts of eligible production or postproduction expenditures that  
20 may be approved by the secretary as qualified expenditures, whether in  
21 total or for specified eligible expenditures or specified eligible expenditure  
22 categories.

23 (2) The production company shall agree to the provision of  
24 documentation and information to the secretary or the secretary of revenue  
25 on a regular basis as requested by the secretary or secretary of revenue to  
26 determine qualified expenditures and compliance with the requirements of  
27 this act and rules and regulations adopted by the secretary or the secretary  
28 of revenue pursuant to this act. The production company shall agree to the  
29 provision of information to the secretary on a regular basis as requested by  
30 the secretary regarding the progress of the project and estimated  
31 completion date.

32 (3) The terms and conditions shall include provisions for repayment  
33 of income tax credits or sales tax exempted if requirements of this act or  
34 rules and regulations are not met, provisions requiring cooperation with  
35 any audit conducted pursuant to this act and provisions for submission of  
36 information as required for publication on the Kansas economic incentive  
37 database and for the secretary's reports to the legislature as provided by  
38 section 5, and amendments thereto.

39 (4) The terms and conditions may also include agreements by the  
40 production company for the facilitation of, coordination with or provision  
41 of support services for Kansas businesses and organizations to enable  
42 participation in the project or the development of the Kansas film and  
43 digital media industry.



1 (5) If the secretary approves the agreement with the production  
2 company, the secretary shall authorize the eligible project as a certified  
3 project.

4 (e) Upon approval by the secretary as an eligible and certified project  
5 and the execution of the agreement as provided in subsection (d), the  
6 secretary may approve an application by the production company for a  
7 sales tax exemption for production or postproduction expenditures  
8 pursuant to the provisions of K.S.A. 79-3606(pppp), and amendments  
9 thereto, and shall notify the applicant and the secretary of revenue of such  
10 approval. In considering approval of such sales tax exemption, the  
11 secretary shall prioritize expenditures in rural areas or in economically  
12 depressed urban areas to the extent feasible. The secretary may require that  
13 all or a portion of expenditures eligible for exemption from sales tax be  
14 made with businesses located in such areas, as determined by the secretary.  
15 A production company receiving a sales tax exemption shall provide the  
16 secretary or the secretary of revenue with such documentation as requested  
17 by the secretary or the secretary of revenue to demonstrate that  
18 expenditures have been made as required.

19 (f) Prior to receipt by a production company of any income tax credit  
20 authorized by section 4, and amendments thereto, the secretary shall  
21 examine and determine, ~~in the sole discretion of the secretary,~~ the amount  
22 of eligible production or eligible postproduction expenditures that are  
23 qualified production expenditures or qualified postproduction expenditures  
24 of the production company and that such expenditures are for a certified  
25 production. No expenditure that was exempt from sales taxation pursuant  
26 to K.S.A. 79-3606(pppp), and amendments thereto, shall also be a basis  
27 for the income tax credit pursuant to section 4, and amendments thereto,  
28 unless specifically approved by the secretary. The production company  
29 shall provide such information and documentation as requested by the  
30 secretary to make such determination. In addition, the production company  
31 shall provide evidence as required by the secretary that:

32 (1) The production company has filed all Kansas tax returns and tax  
33 documents required by law and withholding taxes have been submitted as  
34 required by law;

35 (2) all crew who are Kansas residents and Kansas-based vendors have  
36 been paid and that there are no pending liens in this state against the  
37 production company; and

38 (3) the certified project for which a sales tax exemption has been  
39 granted or an income tax credit is requested has been completed, or in the  
40 discretion of the secretary, a phase of the certified project has been  
41 completed and adequate assurance, as determined by the secretary, has  
42 been provided that the project will be fully completed.

43 (g) As a condition of receiving any income tax credits pursuant to this

1 act, the production company shall provide the secretary with a report by a  
2 certified public accountant licensed to practice in Kansas, prepared at the  
3 expense of the applicant, verifying that the expenditures have been made  
4 in compliance with the requirements of this act. The report shall be  
5 provided with a claim for income tax credits as required by section 4, and  
6 amendments thereto, or as required by the secretary.

7 (h) The secretary shall notify the production company and the  
8 secretary of revenue of determinations of qualified expenditures made by  
9 the secretary.

10 (i) The secretary of commerce and the secretary of revenue may  
11 adopt rules and regulations to implement the provisions of this act.

12 New Sec. 4. (a) For tax years 2023 through 2032, for any production  
13 company or its affiliates that make qualified production or qualified  
14 postproduction expenditures for a certified production approved by the  
15 secretary of commerce as provided by section 3, and amendments thereto,  
16 there shall be allowed an income tax credit against the tax imposed under  
17 the Kansas income tax act in the amount as determined pursuant to  
18 subsection (d) as limited by subsection (h). The tax credit shall be applied  
19 against the production company's income tax liability for the taxable year  
20 in which the qualified expenditures are made by the production company.  
21 If the amount of the tax credit allowed exceeds the production company's  
22 income tax liability for the taxable year, ~~an amount equal to the remainder~~  
23 ~~of the unused tax credits shall be refunded to the production company~~ *the*  
24 *production company may carry over the amount of the tax credit that*  
25 *exceeds such tax liability for deduction from the production company's*  
26 *income tax liability in the next succeeding taxable year or years until the*  
27 *total amount of the tax credit has been deducted from the production*  
28 *company's tax liability, except that no such tax credit shall be carried*  
29 *over for deduction after the 10<sup>th</sup> taxable year succeeding the year in*  
30 *which the qualified expenditures were made by the production company.*  
31 If the production company is a corporation having an election in effect  
32 under subchapter S of the federal internal revenue code, a partnership or a  
33 limited liability company, the credit ~~provided by this section~~ shall be  
34 claimed by the shareholders of such corporation, the partners of such  
35 partnership or members of such limited liability company in the same  
36 manner as such shareholders, partners or members account for their  
37 proportionate shares of the income or loss of the corporation, partnership  
38 or limited liability company and in accordance with the agreement  
39 executed pursuant to section 3, and amendments thereto. The tax credit  
40 may be transferred as provided by subsection (k). ~~The aggregate total~~  
41 ~~amount of credits allowed under this section shall not exceed \$10,000,000~~  
42 ~~in a tax year. Ten percent of such aggregate total in each tax year shall be~~  
43 ~~designated for tax credits to Kansas-based production companies.~~

1 (b) A claim for a tax credit shall be filed with the secretary of revenue  
2 as part of a return filed by the production company pursuant to the Kansas  
3 income tax act. The order that agreements are executed with the secretary  
4 of commerce pursuant to section 3, and amendments thereto, shall  
5 determine the order that credit claims are allocated by the secretary of  
6 revenue. A claim shall be submitted with a return or amended return within  
7 one calendar year of the date of the last eligible production expenditure or  
8 the last eligible postproduction expenditure for the certified production  
9 that would be eligible for an income tax credit as provided by subsection  
10 (a). ***A request by a production company for an extension of time of up to***  
11 ***six months to submit a claim shall be granted by the secretary of***  
12 ***revenue.*** All qualified production expenditures or postproduction  
13 expenditures incurred during the taxable year by a production company for  
14 a certified production shall be submitted for credit as part of the same  
15 income tax return. A tax credit claim for qualified expenditures during a  
16 taxable year shall not be divided and submitted with multiple returns or in  
17 multiple years.

18 (c) The claim shall include a copy of the project certification and the  
19 determination of qualified production or postproduction expenditures by  
20 the secretary of commerce. The claim shall also include a report by a  
21 certified public accountant licensed to practice in Kansas, prepared at the  
22 expense of the applicant, verifying that the expenditures have been made  
23 in compliance with the requirements of this act.

24 (d) The amount of the tax credit shall be equal to 30% of:

- 25 (1) The qualified production expenditures for the certified project; or  
26 (2) the qualified postproduction expenses for a certified project with  
27 no qualified production expenses.

28 (e) The secretary of commerce may approve additional credits as  
29 follows:

30 (1) In addition to the amount authorized by subsection (d)(1):

31 (A) Up to 5% of the qualified production expenditures for a certified  
32 multi-film deal, a certified eligible television series, a certified high-impact  
33 production or contributions to film-related infrastructure or workforce  
34 development in Kansas, including, but not limited to, contributions to  
35 permanent sets, sound stages, film editing facilities, computer graphics,  
36 special effects or animation facilities, educational facilities or programs,  
37 internships or apprenticeships or equipment for production activities, in  
38 the amount such contributions are approved by the secretary of commerce;  
39 or

40 (B) up to 5% for qualified production expenditures for a production if  
41 50% or more of the crew or above-the-line personnel are Kansas residents;  
42 or

43 (2) in addition to the amount authorized under subsection (d)(1) or

1 (2), up to an additional 5%, as determined by the secretary, of the amount  
2 of the qualified production expenditures or qualified postproduction  
3 expenditures, as applicable, of a certified project of a production company  
4 that has previously received an income tax credit under this act with  
5 respect to such certified project.

6 (f) In addition to or in lieu of the credits authorized by subsection (d),  
7 as determined by the secretary, a Kansas-based production company that  
8 incurs at least \$25,000 in qualified expenditures, including, but not limited to,  
9 expenditures for a certified production not intended for multimarket  
10 distribution but that otherwise constitute qualified expenditures and meets  
11 all other qualifications for a tax credit under this act shall receive a  
12 ~~nonrefundable~~ tax credit in the amount of 25% of such qualified  
13 ~~production~~ expenditures. *The tax credit shall be applied against the*  
14 *Kansas-based production company's income tax liability for the taxable*  
15 *year in which the qualified expenditures are made by the Kansas-based*  
16 *production company. If the amount of the tax credit exceeds the Kansas-*  
17 *based production company's income tax liability, the Kansas-based*  
18 *production company may carry over the amount of the tax credit that*  
19 *exceeds such tax liability for deduction from the Kansas-based*  
20 *production company's income tax liability in the next succeeding taxable*  
21 *year or years until the total amount of the tax credit has been deducted*  
22 *from the Kansas-based production company's tax liability, except that no*  
23 *such tax credit shall be carried over for deduction after the 10<sup>th</sup> taxable*  
24 *year succeeding the year in which the qualified expenditures were made*  
25 *by the Kansas-based production company. If the Kansas-based*  
26 *production company is a corporation having an election in effect under*  
27 *subchapter S of the federal internal revenue code, a partnership or a*  
28 *limited liability company, the credit shall be claimed by the shareholders*  
29 *of such corporation, the partners of such partnership or members of*  
30 *such limited liability company in the same manner as such shareholders,*  
31 *partners or members account for their proportionate shares of the*  
32 *income or loss of the corporation, partnership or limited liability*  
33 *company and in accordance with the agreement executed pursuant to*  
34 *section 3, and amendments thereto. The tax credit may be transferred as*  
35 *provided by subsection (k).*

36 (g) Notwithstanding any other provision of this act, the tax credit  
37 amount based on a production or postproduction expenditure for a single  
38 individual who meets the definition of individuals who are above-the-line,  
39 nonresident personnel shall be limited to not more than \$500,000 in each  
40 taxable year.

41 (h) The maximum cumulative amount of all income tax credits  
42 awarded to a production company for a certified project for a taxable year  
43 shall not exceed 40% of the total qualified production expenditures or

1 qualified postproduction expenditures made by the production company  
2 for that certified project during that taxable year.

3 (i) For purposes of determining the payment of credit claims pursuant  
4 to this section, the secretary of revenue may require that credit claims of  
5 affiliates be combined into one claim if necessary to accurately reflect  
6 closely integrated activities of affiliates.

7 (j) If a production company hires another production company to  
8 produce a project or contribute elements of a project for pay, the hired  
9 company shall be considered a service provider for the hiring company,  
10 and the hiring company shall be entitled to the income tax credit  
11 authorized by this section.

12 (k) The tax credit allowed pursuant to this section may be transferred,  
13 in whole or in part, by the production company or, as provided by  
14 subsection (a), a shareholder, partner or member, to one or more  
15 transferees. The transferor shall provide notification and documentation of  
16 the transfer or transfers with its claim for a tax credit pursuant to  
17 subsection (b) filed with the secretary of revenue in such form and manner  
18 as may be required by the secretary of revenue, including all information  
19 requested by the secretary of revenue regarding the transferee. The  
20 transferor shall make the transfer within the calendar year in which the  
21 transferor's claim is made to the secretary of revenue. The credit shall only  
22 be transferred once. The transferor may transfer the credit to any  
23 individual or entity subject to income tax under the Kansas income tax act.  
24 The transferred credit shall be claimed by the transferee against the  
25 transferee's Kansas income tax liability in the *taxable* year the credit was  
26 transferred. The amount of the transferred credit that exceeds the  
27 transferee's tax liability for such year ~~shall be refunded to the transferee~~  
28 *may be carried over for deduction from the transferee's income tax*  
29 *liability in the next succeeding taxable year or years until the total*  
30 *amount of the tax credit has been deducted from the transferee's tax*  
31 *liability, except that no such tax credit shall be carried over for*  
32 *deduction after the 10<sup>th</sup> taxable year succeeding the taxable year in*  
33 *which the credit was transferred to the transferee.* The transferor or  
34 transferee shall provide such documentation of the transfer to the secretary  
35 of revenue as may be required by the secretary and at such time as may be  
36 required by the secretary.

37 (l) *The aggregate total amount of credits allowed under this section*  
38 *shall not exceed \$10,000,000 in a tax year. Ten percent of such*  
39 *aggregate total in each tax year shall be designated for tax credits to*  
40 *Kansas-based production companies.*

41 New Sec. 5. On or before January 31, 2024, and each January 31  
42 through January 31, 2033, the secretary of commerce shall submit an  
43 annual report to the house of representatives standing committees on

1 commerce, labor and economic development and taxation and the senate  
2 standing committees on commerce and assessment and taxation. The  
3 report shall include the amounts and recipients of tax incentives approved  
4 by the secretary pursuant to this act for the prior year and to the date of the  
5 report, anticipated tax incentive amounts for the current year, the  
6 production companies that have applied for and that have been certified for  
7 projects, a description of ongoing and completed projects and the impact  
8 of such projects and the program on the film, video or digital production  
9 industry in Kansas. The secretary of revenue shall provide the secretary of  
10 commerce with information as necessary for the report in accordance with  
11 the terms of the agreements required by section 3, and amendments  
12 thereto.

13 New Sec. 6. No sales tax exemption or income tax credit pursuant to  
14 this act shall apply or be awarded for expenditures made on or after  
15 January 1, 2033.

16 ~~New Sec. 7. (a) The secretary of commerce is hereby authorized and~~  
17 ~~empowered to award grants for educational purposes or programs to~~  
18 ~~develop and support the Kansas film and digital media industry. The~~  
19 ~~purpose of such grants is to develop, expand and improve Kansas~~  
20 ~~educational programs directly relevant to development and support of the~~  
21 ~~film and digital media industry in this state. The secretary is authorized to~~  
22 ~~award such grants to not-for-profit postsecondary educational institutions~~  
23 ~~with a main campus or principal operations in Kansas, including public or~~  
24 ~~private four-year universities or colleges, community colleges or technical~~  
25 ~~colleges established under the laws of this state or the Washburn institute~~  
26 ~~of technology. In awarding such grants, the secretary shall select such~~  
27 ~~institutions that are engaged in or that seek to engage in educational~~  
28 ~~programs or activities related to film, media, digital technology, gaming or~~  
29 ~~other evolving areas of the film and digital media industry in Kansas. The~~  
30 ~~secretary shall not award grants pursuant to this section on or after January~~  
31 ~~1, 2033.~~

32 ~~(b) (1) There is hereby established in the state treasury the Kansas~~  
33 ~~film and digital media production development act education fund to be~~  
34 ~~administered by the secretary of commerce. All moneys credited to such~~  
35 ~~fund shall be used to provide grants for the expansion of film and digital~~  
36 ~~media production-related education in the state of Kansas and the~~  
37 ~~administration of such fund. All expenditures from such fund shall be~~  
38 ~~made in accordance with the provisions of appropriation acts and upon~~  
39 ~~warrants of the director of accounts and reports issued pursuant to~~  
40 ~~vouchers approved by the secretary of commerce or the secretary's~~  
41 ~~designee.~~

42 ~~(2) The secretary shall remit any moneys received pursuant to any~~  
43 ~~penalties or any repayment obligations imposed by the secretary pursuant~~

1 to this section to the state treasurer in accordance with the provisions of  
2 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such  
3 remittance, the state treasurer shall deposit the entire amount in the state  
4 treasury to the credit of the Kansas film and digital media production  
5 development act education fund.

6 (e) (1) ~~Grants made by the secretary of commerce from the Kansas~~  
7 ~~film and digital media production development act education fund shall be~~  
8 ~~used for educational purposes, including, but not limited to:~~

9 (A) ~~Internships and apprenticeship programs;~~

10 (B) ~~scholarships and loan forgiveness programs;~~

11 (C) ~~curriculum development and staffing; or~~

12 (D) ~~resources such as lab facilities or equipment.~~

13 (2) ~~Such grants shall be awarded upon such terms and conditions as~~  
14 ~~the secretary of commerce may deem appropriate. Such terms and~~  
15 ~~conditions shall:~~

16 (A) ~~Require that scholarship or loan forgiveness programs that~~  
17 ~~receive grant funding require student scholarship or loan forgiveness~~  
18 ~~recipients to agree to reside in Kansas and work primarily in Kansas or~~  
19 ~~with a Kansas-based company, when possible, for at least two years~~  
20 ~~following completion of an educational program;~~

21 (B) ~~include specified objectives and milestones as agreed by the~~  
22 ~~Kansas educational institution grant recipient and the secretary, including,~~  
23 ~~but not limited to, graduate job placement goals; and~~

24 (C) ~~require the Kansas educational institution to provide information~~  
25 ~~as requested by the secretary for purposes of administering the grant~~  
26 ~~program, monitoring the use of funds and the achievement of milestones~~  
27 ~~and objectives and preparation of the report required by subsection (e).~~

28 (d) (1) ~~Subject to appropriation acts, on July 1, 2023, and each July 1~~  
29 ~~thereafter through July 1, 2032, the director of accounts and reports shall~~  
30 ~~transfer \$1,000,000 from the state general fund to the Kansas film and~~  
31 ~~digital media production development act education fund. Any~~  
32 ~~unexpended balance in such fund at the close of a fiscal year shall remain~~  
33 ~~credited to the fund for use in the succeeding fiscal year.~~

34 (2) ~~On January 1, 2033, the director of accounts and reports shall~~  
35 ~~transfer all unencumbered moneys in the Kansas film and digital media~~  
36 ~~production development act education fund to the state general fund. After~~  
37 ~~such transfer and the disbursement of any encumbered funds pursuant to~~  
38 ~~grant awards made prior to January 1, 2033, the Kansas film and digital~~  
39 ~~media production development act education fund shall be abolished.~~  
40 ~~Upon abolishment of such fund, all liabilities of the Kansas film and~~  
41 ~~digital media production development act education fund shall be~~  
42 ~~transferred to and imposed on the state general fund.~~

43 (e) ~~On or before January 31, 2024, and each January 31 through~~

1 January 31, 2033, the secretary of commerce shall submit an annual report  
2 to the house of representatives standing committee on commerce, labor  
3 and economic development and the senate standing committee on  
4 commerce on the administration of the Kansas film and digital media  
5 production development act education fund and all grants awarded from  
6 the fund. Such report shall contain specific and aggregate information  
7 regarding all expenditures from the fund, the Kansas educational  
8 institutions receiving grants, the amount of funds expended for each grant,  
9 the reason and purpose for which each grant was approved, including how  
10 it was intended to further the purposes of the fund, the actual use of such  
11 grant funds by the Kansas educational institution and the accomplishment  
12 or progress made by the educational institution toward agreed milestones  
13 and objectives.

14 New Sec. 8. (a) The secretary of commerce is hereby authorized and  
15 empowered to award grants or loans from the Kansas film and digital  
16 media production development act workforce training and business direct  
17 investment fund in connection with projects certified by the secretary  
18 pursuant to section 3, and amendments thereto. The secretary shall award  
19 such grants or loans for the purpose of facilitating and supporting certified  
20 projects and developing the Kansas film and digital media industry by  
21 funding workforce training and by investing directly in Kansas companies  
22 engaged in or seeking to engage in certified projects. The secretary shall  
23 not award grants or loans pursuant to this section on or after January 1,  
24 2033.

25 (b) (1) There is hereby established in the state treasury the Kansas  
26 film and digital media production development act workforce training and  
27 business direct investment fund to be administered by the secretary of  
28 commerce. All moneys credited to such fund shall be used to provide  
29 grants or loans as provided by this section for the support of workforce  
30 training and direct investment in Kansas companies in relation to certified  
31 film or digital media production projects, the development of the Kansas  
32 film and digital media industry and the administration of such fund. All  
33 expenditures from such fund shall be made in accordance with the  
34 provisions of appropriation acts and upon warrants of the director of  
35 accounts and reports issued pursuant to vouchers approved by the  
36 secretary of commerce or the secretary's designee.

37 (2) The secretary of commerce shall remit any moneys received  
38 pursuant to loan repayments, interest, any penalties or any other repayment  
39 obligations imposed by the secretary pursuant to this section to the state  
40 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
41 amendments thereto. Upon receipt of each such remittance, the state  
42 treasurer shall deposit the entire amount in the state treasury to the credit  
43 of the Kansas film and digital media production development act



1 workforce training and business direct investment fund.

2 (e) (1) ~~Grants made by the secretary of commerce from the Kansas~~  
3 ~~film and digital media production development act workforce training and~~  
4 ~~business direct investment fund shall be used for workforce development~~  
5 ~~purposes, including, but not limited to:~~

6 (A) ~~Apprenticeship programs for Kansas residents;~~

7 (B) ~~crew training for Kansas residents, including:~~

8 (i) ~~Training provided by not-for-profit postsecondary educational~~  
9 ~~institutions with a main campus or principal operations in Kansas selected~~  
10 ~~by the secretary, including four-year public or private educational~~  
11 ~~institutions, public community colleges or public technical schools~~  
12 ~~established under the laws of this state or the Washburn institute of~~  
13 ~~teehnology; or~~

14 (ii) ~~employee training provided by any production company or a~~  
15 ~~Kansas company involved in the film and digital media industry and~~  
16 ~~engaged in a certified project; or~~

17 (C) ~~development of training models, in coordination and cooperation~~  
18 ~~with the film and digital media production industry, for use by Kansas~~  
19 ~~educational institutions.~~

20 (2) ~~Such grants shall be upon such terms and conditions as the~~  
21 ~~secretary of commerce may deem appropriate. Such terms and conditions~~  
22 ~~shall include an agreement by the grant recipient to provide information as~~  
23 ~~requested by the secretary for purposes of administering the grant~~  
24 ~~program, monitoring the use of funds and preparation of the report~~  
25 ~~required by subsection (f).~~

26 (d) (1) ~~Direct investments made by the secretary of commerce from~~  
27 ~~the Kansas film and digital media production development act workforce~~  
28 ~~training and business direct investment fund shall be used for investing in~~  
29 ~~Kansas film and digital media production industry companies that will or~~  
30 ~~seek to be engaged in certified projects, including Kansas-based~~  
31 ~~production companies or Kansas businesses that are offering personnel,~~  
32 ~~services, facilities, leases or rentals or that are offering, engaged in or~~  
33 ~~seeking to engage in other production or postproduction-related business~~  
34 ~~activities. Investments may be made in Kansas start-ups, Kansas~~  
35 ~~businesses seeking to expand into the film and digital media production~~  
36 ~~industry or established Kansas businesses in such industry.~~

37 (2) ~~Direct investments shall be comprised of a loan component in the~~  
38 ~~amount of 80% and a grant component in the amount of 20% of the total~~  
39 ~~award of funds to the recipient. The investment shall be made upon such~~  
40 ~~terms and conditions as the secretary of commerce may deem appropriate.~~  
41 ~~Such terms and conditions shall:~~

42 (A) ~~Include specified objectives and milestones as required by the~~  
43 ~~secretary and provisions for repayment of the grant or loan if conditions~~

1 specified by the secretary are not met; and

2 ~~(B) require the recipient to provide information as requested by the~~  
3 ~~secretary for purposes of administering the direct investment program,~~  
4 ~~monitoring the use of funds and achievement of milestones and objectives~~  
5 ~~and preparation of the report required by subsection (f).~~

6 ~~(e) (1) Subject to appropriation acts, on July 1, 2024, and each July 1~~  
7 ~~thereafter through July 1, 2032, the director of accounts and reports shall~~  
8 ~~transfer \$1,000,000 from the state general fund to the Kansas film and~~  
9 ~~digital media production development act workforce training and business~~  
10 ~~direct investment fund. Any unexpended balance in such fund at the close~~  
11 ~~of a fiscal year shall remain credited to the fund for use in the succeeding~~  
12 ~~fiscal year.~~

13 ~~(2) On January 1, 2033, the director of accounts and reports shall~~  
14 ~~transfer all unencumbered moneys in the Kansas film and digital media~~  
15 ~~production development act workforce training and business direct~~  
16 ~~investment fund to the state general fund. After such transfer and the~~  
17 ~~disbursement of any encumbered funds pursuant to awards made prior to~~  
18 ~~January 1, 2033, the Kansas film and digital media production~~  
19 ~~development act workforce training and business direct investment fund~~  
20 ~~shall be abolished. Upon abolishment of such fund, all liabilities of the~~  
21 ~~Kansas film and digital media production development act workforce~~  
22 ~~training and business direct investment fund shall be transferred to and~~  
23 ~~imposed on the state general fund.~~

24 ~~(f) On or before January 31, 2024, and each January 31 thereafter~~  
25 ~~through January 31, 2033, the secretary of commerce shall submit an~~  
26 ~~annual report to the house of representatives standing committee on~~  
27 ~~commerce, labor and economic development and the senate standing~~  
28 ~~committee on commerce on the administration of the Kansas film and~~  
29 ~~digital media production development act workforce training and business~~  
30 ~~direct investment fund and all grants or loans awarded from the fund. Such~~  
31 ~~report shall contain specific and aggregate information regarding all~~  
32 ~~expenditures from the fund, the businesses or Kansas postsecondary~~  
33 ~~educational institutions receiving funds, the amount of funds expended for~~  
34 ~~each grant or loan, the reason and purpose for which each grant or loan~~  
35 ~~was approved, including how it was intended to further the purposes of the~~  
36 ~~Kansas film and digital media production development act project~~  
37 ~~workforce training and business direct investment fund, the actual use of~~  
38 ~~the grant or loan funds by the recipient and the accomplishment of or~~  
39 ~~progress made toward agreed milestones and objectives.~~

40 *{New Sec. 7. (a) The secretary of commerce is hereby authorized*  
41 *and empowered to award grants for educational purposes or programs*  
42 *to develop and support the Kansas film and digital media industry. The*  
43 *purpose of such grants is to develop, expand and improve Kansas*

1 *educational programs directly relevant to development and support of*  
2 *the film and digital media industry in this state. The secretary is*  
3 *authorized to award such grants to not-for-profit postsecondary*  
4 *educational institutions with a main campus or principal operations in*  
5 *Kansas, including public or private four-year universities or colleges,*  
6 *community colleges or technical colleges established under the laws of*  
7 *this state or the Washburn institute of technology. In awarding such*  
8 *grants, the secretary shall select such institutions that are engaged in or*  
9 *that seek to engage in educational programs or activities related to film,*  
10 *media, digital technology, gaming or other evolving areas of the film and*  
11 *digital media industry in Kansas. The secretary shall not award grants*  
12 *pursuant to this section on or after January 1, 2033.*

13 *(b) (1) There is hereby established in the state treasury the Kansas*  
14 *film and digital media production development act education fund to be*  
15 *administered by the secretary of commerce. All moneys credited to such*  
16 *fund shall be used to provide grants for the expansion of film and digital*  
17 *media production-related education in the state of Kansas and the*  
18 *administration of such fund. All expenditures from such fund shall be*  
19 *made in accordance with the provisions of appropriation acts and upon*  
20 *warrants of the director of accounts and reports issued pursuant to*  
21 *vouchers approved by the secretary of commerce or the secretary's*  
22 *designee.*

23 *(2) The secretary shall remit any moneys received pursuant to any*  
24 *penalties or any repayment obligations imposed by the secretary*  
25 *pursuant to this section to the state treasurer in accordance with the*  
26 *provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of*  
27 *each such remittance, the state treasurer shall deposit the entire amount*  
28 *in the state treasury to the credit of the Kansas film and digital media*  
29 *production development act education fund.*

30 *(c) (1) Grants made by the secretary of commerce from the Kansas*  
31 *film and digital media production development act education fund shall*  
32 *be used for educational purposes, including, but not limited to:*

33 *(A) Internships and apprenticeship programs;*

34 *(B) scholarships;*

35 *(C) curriculum development and staffing; or*

36 *(D) resources such as lab facilities or equipment.*

37 *(2) Such grants shall be awarded upon such terms and conditions*  
38 *as the secretary of commerce may deem appropriate. Such terms and*  
39 *conditions shall:*

40 *(A) Require that scholarship programs that receive grant funding*  
41 *require student scholarship recipients to agree to reside in Kansas and*  
42 *work primarily in Kansas or with a Kansas-based company, when*  
43 *possible, for at least two years following completion of an educational*

1 *program;*

2 *(B) include specified objectives and milestones as agreed by the*  
3 *Kansas educational institution grant recipient and the secretary,*  
4 *including, but not limited to, graduate job placement goals; and*

5 *(C) require the Kansas educational institution to provide*  
6 *information as requested by the secretary for purposes of administering*  
7 *the grant program, monitoring the use of funds and the achievement of*  
8 *milestones and objectives and preparation of the report required by*  
9 *subsection (e).*

10 *(d) (1) Subject to appropriation acts, on July 1, 2023, and each July*  
11 *1 thereafter through July 1, 2032, the director of accounts and reports*  
12 *shall transfer \$1,000,000 from the state general fund to the Kansas film*  
13 *and digital media production development act education fund. Any*  
14 *unexpended balance in such fund at the close of a fiscal year shall*  
15 *remain credited to the fund for use in the succeeding fiscal year.*

16 *(2) On January 1, 2033, the director of accounts and reports shall*  
17 *transfer all unencumbered moneys in the Kansas film and digital media*  
18 *production development act education fund to the state general fund.*  
19 *After such transfer and the disbursement of any encumbered funds*  
20 *pursuant to grant awards made prior to January 1, 2033, the Kansas*  
21 *film and digital media production development act education fund shall*  
22 *be abolished. Upon abolishment of such fund, all liabilities of the*  
23 *Kansas film and digital media production development act education*  
24 *fund shall be transferred to and imposed on the state general fund.*

25 *(e) On or before January 31, 2024, and each January 31 through*  
26 *January 31, 2033, the secretary of commerce shall submit an annual*  
27 *report to the house of representatives standing committee on commerce,*  
28 *labor and economic development and the senate standing committee on*  
29 *commerce on the administration of the Kansas film and digital media*  
30 *production development act education fund and all grants awarded from*  
31 *the fund. Such report shall contain specific and aggregate information*  
32 *regarding all expenditures from the fund, the Kansas educational*  
33 *institutions receiving grants, the amount of funds expended for each*  
34 *grant, the reason and purpose for which each grant was approved,*  
35 *including how it was intended to further the purposes of the fund, the*  
36 *actual use of such grant funds by the Kansas educational institution and*  
37 *the accomplishment or progress made by the educational institution*  
38 *toward agreed milestones and objectives.*

39 *New Sec. 8. (a) The secretary of commerce is hereby authorized*  
40 *and empowered to award grants or loans from the Kansas film and*  
41 *digital media production development act workforce training and*  
42 *business direct investment fund in connection with projects certified by*  
43 *the secretary pursuant to section 3, and amendments thereto. The*

1 *secretary shall award such grants or loans for the purpose of facilitating*  
2 *and supporting certified projects and developing the Kansas film and*  
3 *digital media industry by funding workforce training and by investing*  
4 *directly in Kansas companies engaged in or seeking to engage in*  
5 *certified projects. The secretary shall not award grants or loans*  
6 *pursuant to this section on or after January 1, 2033.*

7 *(b) (1) There is hereby established in the state treasury the Kansas*  
8 *film and digital media production development act workforce training*  
9 *and business direct investment fund to be administered by the secretary*  
10 *of commerce. All moneys credited to such fund shall be used to provide*  
11 *grants or loans as provided by this section for the support of workforce*  
12 *training and direct investment in Kansas companies in relation to*  
13 *certified film or digital media production projects, the development of*  
14 *the Kansas film and digital media industry and the administration of*  
15 *such fund. All expenditures from such fund shall be made in accordance*  
16 *with the provisions of appropriation acts and upon warrants of the*  
17 *director of accounts and reports issued pursuant to vouchers approved*  
18 *by the secretary of commerce or the secretary's designee.*

19 *(2) The secretary of commerce shall remit any moneys received*  
20 *pursuant to loan repayments, interest, any penalties or any other*  
21 *repayment obligations imposed by the secretary pursuant to this section*  
22 *to the state treasurer in accordance with the provisions of K.S.A. 75-*  
23 *4215, and amendments thereto. Upon receipt of each such remittance,*  
24 *the state treasurer shall deposit the entire amount in the state treasury to*  
25 *the credit of the Kansas film and digital media production development*  
26 *act workforce training and business direct investment fund.*

27 *(c) (1) Grants made by the secretary of commerce from the Kansas*  
28 *film and digital media production development act workforce training*  
29 *and business direct investment fund shall be used for workforce*  
30 *development purposes, including, but not limited to:*

31 *(A) Apprenticeship programs for Kansas residents;*

32 *(B) crew training for Kansas residents, including:*

33 *(i) Training provided by not-for-profit postsecondary educational*  
34 *institutions with a main campus or principal operations in Kansas*  
35 *selected by the secretary, including four-year public or private*  
36 *educational institutions, public community colleges or public technical*  
37 *schools established under the laws of this state or the Washburn institute*  
38 *of technology; or*

39 *(ii) employee training provided by any production company or a*  
40 *Kansas company involved in the film and digital media industry and*  
41 *engaged in a certified project; or*

42 *(C) development of training models, in coordination and*  
43 *cooperation with the film and digital media production industry, for use*

1 *by Kansas educational institutions.*

2 *(2) Such grants shall be upon such terms and conditions as the*  
3 *secretary of commerce may deem appropriate. Such terms and*  
4 *conditions shall include an agreement by the grant recipient to provide*  
5 *information as requested by the secretary for purposes of administering*  
6 *the grant program, monitoring the use of funds and preparation of the*  
7 *report required by subsection (f).*

8 *(d) (1) Direct investments made by the secretary of commerce from*  
9 *the Kansas film and digital media production development act workforce*  
10 *training and business direct investment fund shall be used for investing*  
11 *in Kansas film and digital media production industry companies that*  
12 *will or seek to be engaged in certified projects, including Kansas-based*  
13 *production companies or Kansas businesses that are offering personnel,*  
14 *services, facilities, leases or rentals or that are offering, engaged in or*  
15 *seeking to engage in other production or postproduction-related*  
16 *business activities. Investments may be made in Kansas start-ups,*  
17 *Kansas businesses seeking to expand into the film and digital media*  
18 *production industry or established Kansas businesses in such industry.*

19 *(2) Direct investments shall be comprised of a loan component in*  
20 *the amount of 80% and a grant component in the amount of 20% of the*  
21 *total award of funds to the recipient. The investment shall be made upon*  
22 *such terms and conditions as the secretary of commerce may deem*  
23 *appropriate. Such terms and conditions shall:*

24 *(A) Include specified objectives and milestones as required by the*  
25 *secretary and provisions for repayment of the grant or loan if conditions*  
26 *specified by the secretary are not met; and*

27 *(B) require the recipient to provide information as requested by the*  
28 *secretary for purposes of administering the direct investment program,*  
29 *monitoring the use of funds and achievement of milestones and*  
30 *objectives and preparation of the report required by subsection (f).*

31 *(e) (1) Subject to appropriation acts, on July 1, 2024, and each July*  
32 *1 thereafter through July 1, 2032, the director of accounts and reports*  
33 *shall transfer \$1,000,000 from the state general fund to the Kansas film*  
34 *and digital media production development act workforce training and*  
35 *business direct investment fund. Any unexpended balance in such fund*  
36 *at the close of a fiscal year shall remain credited to the fund for use in*  
37 *the succeeding fiscal year.*

38 *(2) On January 1, 2033, the director of accounts and reports shall*  
39 *transfer all unencumbered moneys in the Kansas film and digital media*  
40 *production development act workforce training and business direct*  
41 *investment fund to the state general fund. After such transfer and the*  
42 *disbursement of any encumbered funds pursuant to awards made prior*  
43 *to January 1, 2033, the Kansas film and digital media production*

1 *development act workforce training and business direct investment fund*  
 2 *shall be abolished. Upon abolishment of such fund, all liabilities of the*  
 3 *Kansas film and digital media production development act workforce*  
 4 *training and business direct investment fund shall be transferred to and*  
 5 *imposed on the state general fund.*

6 *(f) On or before January 31, 2024, and each January 31 thereafter*  
 7 *through January 31, 2033, the secretary of commerce shall submit an*  
 8 *annual report to the house of representatives standing committee on*  
 9 *commerce, labor and economic development and the senate standing*  
 10 *committee on commerce on the administration of the Kansas film and*  
 11 *digital media production development act workforce training and*  
 12 *business direct investment fund and all grants or loans awarded from*  
 13 *the fund. Such report shall contain specific and aggregate information*  
 14 *regarding all expenditures from the fund, the businesses or Kansas*  
 15 *postsecondary educational institutions receiving funds, the amount of*  
 16 *funds expended for each grant or loan, the reason and purpose for*  
 17 *which each grant or loan was approved, including how it was intended*  
 18 *to further the purposes of the Kansas film and digital media production*  
 19 *development act project workforce training and business direct*  
 20 *investment fund, the actual use of the grant or loan funds by the*  
 21 *recipient and the accomplishment of or progress made toward agreed*  
 22 *milestones and objectives.}*

23 **New Sec. 9. On or before January 31, 2027, and on or before**  
 24 **January 31, 2031, the secretary of commerce shall submit an economic**  
 25 **impact report to the house of representatives standing committee on**  
 26 **commerce, labor and economic development, the house of**  
 27 **representatives standing committee on taxation, the senate standing**  
 28 **committee on commerce and the senate standing committee on**  
 29 **assessment and taxation. The economic impact report shall include an**  
 30 **economic impact assessment and evaluation for the approved and**  
 31 **completed projects of the preceding years. The report shall include**  
 32 **economic impacts attributable to each approved project, the impact of**  
 33 **project expenditures on the state and local economy, including local**  
 34 **taxes and state taxes related to sales, salaries and wages, full-time and**  
 35 **part-time employment and other categories of expenditures as**  
 36 **appropriate. The report shall utilize the best available methodology to**  
 37 **calculate the multiplier effect of the actual impact of qualified**  
 38 **expenditures in the location of a certified production. The secretary of**  
 39 **revenue shall provide the secretary of commerce with information as**  
 40 **necessary for the report in accordance with the terms of the**  
 41 **agreements required by section 3, and amendments thereto.**

42 ~~Sec. 9-7-9.1~~ **10.** K.S.A. 2022 Supp. 79-3606 is hereby amended to  
 43 read as follows: 79-3606. The following shall be exempt from the tax

1 imposed by this act:

2 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
3 or excise tax has been paid, not subject to refund, under the laws of this  
4 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-  
5 3301, and amendments thereto, including consumable material for such  
6 electronic cigarettes, cereal malt beverages and malt products as defined  
7 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
8 malt syrup and malt extract, that is not subject to taxation under the  
9 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
10 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
11 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
12 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
13 thereto, and gross receipts from regulated sports contests taxed pursuant to  
14 the Kansas professional regulated sports act, and amendments thereto;

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

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



1 Kansas;

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

1 institution or department of corrections concerned a sworn statement, on a  
2 form to be provided by the director of taxation, that all purchases so made  
3 were entitled to exemption under this subsection. As an alternative to the  
4 foregoing procedure, any such contracting entity may apply to the  
5 secretary of revenue for agent status for the sole purpose of issuing and  
6 furnishing project exemption certificates to contractors pursuant to rules  
7 and regulations adopted by the secretary establishing conditions and  
8 standards for the granting and maintaining of such status. All invoices  
9 shall be held by the contractor for a period of five years and shall be  
10 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 political subdivision, district described in  
19 subsection (s), hospital or public hospital authority, school, educational  
20 institution or the contractor contracting with the department of corrections  
21 for a correctional institution concerned shall be liable for tax on all  
22 materials purchased for the project, and upon payment thereof it may  
23 recover the same from the contractor together with reasonable attorney  
24 fees. Any contractor or any agent, employee or subcontractor thereof, who  
25 shall use or otherwise dispose of any materials purchased under such a  
26 certificate for any purpose other than that for which such a certificate is  
27 issued without the payment of the sales or compensating tax otherwise  
28 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
29 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
30 79-3615(h), and amendments thereto;

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

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

19 (f) tangible personal property purchased by a railroad or public utility  
20 for consumption or movement directly and immediately in interstate  
21 commerce;

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

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

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

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

40 (k) any motor vehicle, semitrailer or pole trailer, as such terms are  
41 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and  
42 delivered in this state to a bona fide resident of another state, which motor  
43 vehicle, semitrailer, pole trailer or aircraft is not to be registered or based

1 in this state and which vehicle, semitrailer, pole trailer or aircraft will not  
2 remain in this state more than 10 days;

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

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

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

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

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

1 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
2 thereto;

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

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

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

36 (t) all sales of farm machinery and equipment or aquaculture  
37 machinery and equipment, repair and replacement parts therefor and  
38 services performed in the repair and maintenance of such machinery and  
39 equipment. For the purposes of this subsection the term "farm machinery  
40 and equipment or aquaculture machinery and equipment" shall include a  
41 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
42 thereto, and is equipped with a bed or cargo box for hauling materials, and  
43 shall also include machinery and equipment used in the operation of

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

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

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

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

1 subsection (w)(1) and (w)(2), the provisions of this subsection shall expire  
2 on December 31, 2005;

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

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

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

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

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

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

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

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

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

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

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

37 (hh) all sales of medical supplies and equipment, including durable  
38 medical equipment, purchased directly by a nonprofit skilled nursing home  
39 or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,  
40 and amendments thereto, for the purpose of providing medical services to  
41 residents thereof. This exemption shall not apply to tangible personal  
42 property customarily used for human habitation purposes. As used in this  
43 subsection, "durable medical equipment" means equipment including



1 repair and replacement parts for such equipment, that can withstand  
2 repeated use, is primarily and customarily used to serve a medical purpose,  
3 generally is not useful to a person in the absence of illness or injury and is  
4 not worn in or on the body, but does not include mobility enhancing  
5 equipment as defined in subsection (r), oxygen delivery equipment, kidney  
6 dialysis equipment or enteral feeding systems;

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

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

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

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

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

35 (2) For purposes of this subsection:

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

1 distribution operations; and (iv) waste, pollution and environmental  
2 control operations, if any;

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

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

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

1 conducting the retail business, such as retailers who bake, cook or prepare  
2 food products in the regular course of their retail trade, grocery stores,  
3 meat lockers and meat markets that butcher or dress livestock or poultry in  
4 the regular course of their retail trade, contractors who alter, service, repair  
5 or improve real property, and retail businesses that clean, service or  
6 refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

32 (F) plan, manage, control or record the receipt and flow of inventories  
33 of raw materials, consumables and component parts, the flow of the  
34 property undergoing manufacturing or processing and the management of  
35 inventories of the finished product;

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

39 (H) package the property being manufactured or processed in a  
40 container or wrapping in which such property is normally sold or  
41 transported;

42 (I) transmit or transport electricity, coke, gas, water, steam or similar  
43 substances used in production operations from the point of generation, if

1 produced by the manufacturer or processor at the plant site, to that  
2 manufacturer's production operation; or, if purchased or delivered from  
3 off-site, from the point where the substance enters the site of the plant or  
4 facility to that manufacturer's production operations;

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

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

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

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

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

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

42 (A) Machinery and equipment used for nonproduction purposes,  
43 including, but not limited to, machinery and equipment used for plant

1 security, fire prevention, first aid, accounting, administration, record  
2 keeping, advertising, marketing, sales or other related activities, plant  
3 cleaning, plant communications and employee work scheduling;

4 (B) machinery, equipment and tools used primarily in maintaining  
5 and repairing any type of machinery and equipment or the building and  
6 plant;

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

12 (D) office machines and equipment including computers and related  
13 peripheral equipment not used directly and primarily to control or measure  
14 the manufacturing process;

15 (E) furniture and other furnishings;

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

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

22 (H) machinery and equipment used for general plant heating, cooling  
23 and lighting;

24 (I) motor vehicles that are registered for operation on public  
25 highways; or

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

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

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

39 (II) all sales of educational materials purchased for distribution to the  
40 public at no charge by a nonprofit corporation organized for the purpose of  
41 encouraging, fostering and conducting programs for the improvement of  
42 public health, except that for taxable years commencing after December  
43 31, 2013, this subsection shall not apply to any sales of such materials

1 purchased by a nonprofit corporation which performs any abortion, as  
2 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

41 (vv) all sales of tangible personal property purchased by any of the  
42 following organizations that are exempt from federal income taxation  
43 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,

1 for the following purposes, and all sales of any such property by or on  
2 behalf of any such organization for any such purpose:

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

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

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

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

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

23 (6) the Kansas chapters of the Alzheimer's disease and related  
24 disorders association, inc. for the purpose of providing assistance and  
25 support to persons in Kansas with Alzheimer's disease, and their families  
26 and caregivers;

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

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

33 (9) the heartstrings community foundation for the purpose of  
34 providing training, employment and activities for adults with  
35 developmental disabilities;

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

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

- 1 (12) the CHWC, Inc., for the purpose of rebuilding urban core  
2 neighborhoods through the construction of new homes, acquiring and  
3 renovating existing homes and other related activities, and promoting  
4 economic development in such neighborhoods;
- 5 (13) the cross-lines cooperative council for the purpose of providing  
6 social services to low income individuals and families;
- 7 (14) the dreams work, inc., for the purpose of providing young adult  
8 day services to individuals with developmental disabilities and assisting  
9 families in avoiding institutional or nursing home care for a  
10 developmentally disabled member of their family;
- 11 (15) the KSDS, Inc., for the purpose of promoting the independence  
12 and inclusion of people with disabilities as fully participating and  
13 contributing members of their communities and society through the  
14 training and providing of guide and service dogs to people with  
15 disabilities, and providing disability education and awareness to the  
16 general public;
- 17 (16) the lyme association of greater Kansas City, Inc., for the purpose  
18 of providing support to persons with lyme disease and public education  
19 relating to the prevention, treatment and cure of lyme disease;
- 20 (17) the dream factory, inc., for the purpose of granting the dreams of  
21 children with critical and chronic illnesses;
- 22 (18) the Ottawa Suzuki strings, inc., for the purpose of providing  
23 students and families with education and resources necessary to enable  
24 each child to develop fine character and musical ability to the fullest  
25 potential;
- 26 (19) the international association of lions clubs for the purpose of  
27 creating and fostering a spirit of understanding among all people for  
28 humanitarian needs by providing voluntary services through community  
29 involvement and international cooperation;
- 30 (20) the Johnson county young matrons, inc., for the purpose of  
31 promoting a positive future for members of the community through  
32 volunteerism, financial support and education through the efforts of an all  
33 volunteer organization;
- 34 (21) the American cancer society, inc., for the purpose of eliminating  
35 cancer as a major health problem by preventing cancer, saving lives and  
36 diminishing suffering from cancer, through research, education, advocacy  
37 and service;
- 38 (22) the community services of Shawnee, inc., for the purpose of  
39 providing food and clothing to those in need;
- 40 (23) the angel babies association, for the purpose of providing  
41 assistance, support and items of necessity to teenage mothers and their  
42 babies; and
- 43 (24) the Kansas fairgrounds foundation for the purpose of the



1 preservation, renovation and beautification of the Kansas state fairgrounds;  
2 (ww) all sales of tangible personal property purchased by the habitat  
3 for humanity for the exclusive use of being incorporated within a housing  
4 project constructed by such organization;

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

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

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

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

19 (aaa) all sales of tangible personal property and services purchased by  
20 a religious organization that is exempt from federal income taxation  
21 pursuant to section 501(c)(3) of the federal internal revenue code, and used  
22 exclusively for religious purposes, and all sales of tangible personal  
23 property or services purchased by a contractor for the purpose of  
24 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
25 furnishing or remodeling facilities for any such organization that would be  
26 exempt from taxation under the provisions of this section if purchased  
27 directly by such organization. Nothing in this subsection shall be deemed  
28 to exempt the purchase of any construction machinery, equipment or tools  
29 used in the constructing, equipping, reconstructing, maintaining, repairing,  
30 enlarging, furnishing or remodeling facilities for any such organization.  
31 When any such organization shall contract for the purpose of constructing,  
32 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
33 remodeling facilities, 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 the building or other project or not to have been returned  
3 for credit or the sales or compensating tax otherwise imposed upon such  
4 materials that will not be so incorporated in the building or other project  
5 reported and paid by such contractor to the director of taxation not later  
6 than the 20<sup>th</sup> day of the month following the close of the month in which it  
7 shall be determined that such materials will not be used for the purpose for  
8 which such certificate was issued, such organization concerned shall be  
9 liable for tax on all materials purchased for the project, and upon payment  
10 thereof it may recover the same from the contractor together with  
11 reasonable attorney fees. Any contractor or any agent, employee or  
12 subcontractor thereof, who shall use or otherwise dispose of any materials  
13 purchased under such a certificate for any purpose other than that for  
14 which such a certificate is issued without the payment of the sales or  
15 compensating tax otherwise imposed upon such materials, shall be guilty  
16 of a misdemeanor and, upon conviction therefor, shall be subject to the  
17 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.  
18 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
19 this act upon the gross receipts received from any sale exempted by the  
20 amendatory provisions of this subsection shall be refunded. Each claim for  
21 a sales tax refund shall be verified and submitted to the director of taxation  
22 upon forms furnished by the director and shall be accompanied by any  
23 additional documentation required by the director. The director shall  
24 review each claim and shall refund that amount of sales tax paid as  
25 determined under the provisions of this subsection. All refunds shall be  
26 paid from the sales tax refund fund upon warrants of the director of  
27 accounts and reports pursuant to vouchers approved by the director or the  
28 director's designee;

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

34 (ccc) on and after July 1, 1999, all sales of tangible personal property  
35 and services purchased by a primary care clinic or health center the  
36 primary purpose of which is to provide services to medically underserved  
37 individuals and families, and that is exempt from federal income taxation  
38 pursuant to section 501(c)(3) of the federal internal revenue code, and all  
39 sales of tangible personal property or services purchased by a contractor  
40 for the purpose of constructing, equipping, reconstructing, maintaining,  
41 repairing, enlarging, furnishing or remodeling facilities for any such clinic  
42 or center that would be exempt from taxation under the provisions of this  
43 section if purchased directly by such clinic or center, except that for

1 taxable years commencing after December 31, 2013, this subsection shall  
2 not apply to any sales of such tangible personal property and services  
3 purchased by a primary care clinic or health center which performs any  
4 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing  
5 in this subsection shall be deemed to exempt the purchase of any  
6 construction machinery, equipment or tools used in the constructing,  
7 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
8 remodeling facilities for any such clinic or center. When any such clinic or  
9 center shall contract for the purpose of constructing, equipping,  
10 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
11 facilities, it shall obtain from the state and furnish to the contractor an  
12 exemption certificate for the project involved, and the contractor may  
13 purchase materials for incorporation in such project. The contractor shall  
14 furnish the number of such certificate to all suppliers from whom such  
15 purchases are made, and such suppliers shall execute invoices covering the  
16 same bearing the number of such certificate. Upon completion of the  
17 project the contractor shall furnish to such clinic or center concerned a  
18 sworn statement, on a form to be provided by the director of taxation, that  
19 all purchases so made were entitled to exemption under this subsection.  
20 All invoices shall be held by the contractor for a period of five years and  
21 shall be subject to audit by the director of taxation. If any materials  
22 purchased under such a certificate are found not to have been incorporated  
23 in the building or other project or not to have been returned for credit or  
24 the sales or compensating tax otherwise imposed upon such materials that  
25 will not be so incorporated in the building or other project reported and  
26 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
27 day of the month following the close of the month in which it shall be  
28 determined that such materials will not be used for the purpose for which  
29 such certificate was issued, such clinic or center concerned shall be liable  
30 for tax on all materials purchased for the project, and upon payment  
31 thereof it may recover the same from the contractor together with  
32 reasonable attorney fees. Any contractor or any agent, employee or  
33 subcontractor thereof, who shall use or otherwise dispose of any materials  
34 purchased under such a certificate for any purpose other than that for  
35 which such a certificate is issued without the payment of the sales or  
36 compensating tax otherwise imposed upon such materials, shall be guilty  
37 of a misdemeanor and, upon conviction therefor, shall be subject to the  
38 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

39 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
40 sales of materials and services purchased by any class II or III railroad as  
41 classified by the federal surface transportation board for the construction,  
42 renovation, repair or replacement of class II or III railroad track and  
43 facilities used directly in interstate commerce. In the event any such track

1 or facility for which materials and services were purchased sales tax  
2 exempt is not operational for five years succeeding the allowance of such  
3 exemption, the total amount of sales tax that would have been payable  
4 except for the operation of this subsection shall be recouped in accordance  
5 with rules and regulations adopted for such purpose by the secretary of  
6 revenue;

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

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

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

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

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

1 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
2 for the collection and storage of such food products for any such  
3 organization which is exempt from federal income taxation pursuant to  
4 section 501(c)(3) of the federal internal revenue code of 1986, that would  
5 be exempt from taxation under the provisions of this section if purchased  
6 directly by such organization. Nothing in this subsection shall be deemed  
7 to exempt the purchase of any construction machinery, equipment or tools  
8 used in the constructing, equipping, reconstructing, maintaining, repairing,  
9 enlarging, furnishing or remodeling facilities for any such organization.  
10 When any such organization shall contract for the purpose of constructing,  
11 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
12 remodeling facilities, 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 certificate to all suppliers from  
16 whom such purchases are made, and such suppliers shall execute invoices  
17 covering the same bearing the number of such certificate. Upon  
18 completion of the project the contractor shall furnish to such organization  
19 concerned 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 such facilities or not to have been returned for credit or the  
25 sales or compensating tax otherwise imposed upon such materials that will  
26 not be so incorporated in such facilities reported and paid by such  
27 contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
28 month following the close of the month in which it shall be determined  
29 that such materials will not be used for the purpose for which such  
30 certificate was issued, such organization concerned shall be liable for tax  
31 on all materials purchased for the project, and upon payment thereof it  
32 may recover the same from the contractor together with reasonable  
33 attorney fees. Any contractor or any agent, employee or subcontractor  
34 thereof, who shall use or otherwise dispose of any materials purchased  
35 under such a certificate for any purpose other than that for which such a  
36 certificate is issued without the payment of the sales or compensating tax  
37 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
38 and, upon conviction therefor, shall be subject to the penalties provided for  
39 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
40 July 1, 2005, but prior to the effective date of this act upon the gross  
41 receipts received from any sale exempted by the amendatory provisions of  
42 this subsection shall be refunded. Each claim for a sales tax refund shall be  
43 verified and submitted to the director of taxation upon forms furnished by

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

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

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

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

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

42 (ooo) all sales of tangible personal property by or on behalf of a  
43 public library serving the general public and supported in whole or in part

1 with tax money or a not-for-profit organization whose purpose is to raise  
2 funds for or provide services or other benefits to any such public library;

3 (ppp) all sales of tangible personal property and services purchased  
4 by or on behalf of a homeless shelter that is exempt from federal income  
5 taxation pursuant to section 501(c)(3) of the federal income tax code of  
6 1986, and used by any such homeless shelter to provide emergency and  
7 transitional housing for individuals and families experiencing  
8 homelessness, and all sales of any such property by or on behalf of any  
9 such homeless shelter for any such purpose;

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



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

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

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

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

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

26 (uuu) all sales of tangible personal property and services purchased  
27 by Kansas children's service league, hereinafter referred to as KCSL,  
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 providing for the prevention and  
31 treatment of child abuse and maltreatment as well as meeting additional  
32 critical needs for children, juveniles and family, and all sales of any such  
33 property by or on behalf of KCSL for any such purpose; and all sales of  
34 tangible personal property or services purchased by a contractor for the  
35 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
36 remodeling facilities for the operation of services for KCSL for any such  
37 purpose that would be exempt from taxation under the provisions of this  
38 section if purchased directly by KCSL. Nothing in this subsection shall be  
39 deemed to exempt the purchase of any construction machinery, equipment  
40 or tools used in the constructing, maintaining, repairing, enlarging,  
41 furnishing or remodeling such facilities for KCSL. When KCSL 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 KCSL a  
7 sworn statement, on a form to be provided by the director of taxation, that  
8 all purchases so made were entitled to exemption under this subsection.  
9 All invoices shall be held by the contractor for a period of five years and  
10 shall be subject to audit by the director of taxation. If any materials  
11 purchased under such a certificate are found not to have been incorporated  
12 in the building or other project or not to have been returned for credit or  
13 the sales or compensating tax otherwise imposed upon such materials that  
14 will not be so incorporated in the building or other project reported and  
15 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
16 day of the month following the close of the month in which it shall be  
17 determined that such materials will not be used for the purpose for which  
18 such certificate was issued, KCSL shall be liable for tax on all materials  
19 purchased for the project, and upon payment thereof it may recover the  
20 same from the contractor together with reasonable attorney fees. Any  
21 contractor or any agent, employee or subcontractor thereof, who shall use  
22 or otherwise dispose of any materials purchased under such a certificate  
23 for any purpose other than that for which such a certificate is issued  
24 without the payment of the sales or compensating tax otherwise imposed  
25 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 (vvv) all sales of tangible personal property or services, including the  
29 renting and leasing of tangible personal property or services, purchased by  
30 jazz in the woods, inc., a Kansas corporation that is exempt from federal  
31 income taxation pursuant to section 501(c)(3) of the federal internal  
32 revenue code, for the purpose of providing jazz in the woods, an event  
33 benefiting children-in-need and other nonprofit charities assisting such  
34 children, and all sales of any such property by or on behalf of such  
35 organization for such purpose;

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

42 (xxx) all sales of personal property and services purchased by the  
43 booth theatre foundation, inc., an organization, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal  
2 internal revenue code of 1986, and which such personal property and  
3 services are used by any such organization in the constructing, equipping,  
4 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
5 of the booth theatre, and all sales of tangible personal property or services  
6 purchased by a contractor for the purpose of constructing, equipping,  
7 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
8 the booth theatre for such organization, that would be exempt from  
9 taxation under the provisions of this section if purchased directly by such  
10 organization. Nothing in this subsection shall be deemed to exempt the  
11 purchase of any construction machinery, equipment or tools used in the  
12 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
13 furnishing or remodeling facilities for any such organization. When any  
14 such organization shall contract for the purpose of constructing, equipping,  
15 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
16 facilities, it shall obtain from the state and furnish to the contractor an  
17 exemption certificate for the project involved, and the contractor may  
18 purchase materials for incorporation in such project. The contractor shall  
19 furnish the number of such certificate to all suppliers from whom such  
20 purchases are made, and such suppliers shall execute invoices covering the  
21 same bearing the number of such certificate. Upon completion of the  
22 project the contractor shall furnish to such organization concerned a sworn  
23 statement, on a form to be provided by the director of taxation, that all  
24 purchases so made were entitled to exemption under this subsection. All  
25 invoices shall be held by the contractor for a period of five years and shall  
26 be subject to audit by the director of taxation. If any materials purchased  
27 under such a certificate are found not to have been incorporated in such  
28 facilities or not to have been returned for credit or the sales or  
29 compensating tax otherwise imposed upon such materials that will not be  
30 so incorporated in such facilities reported and paid by such contractor to  
31 the director of taxation not later than the 20<sup>th</sup> day of the month following  
32 the close of the month in which it shall be determined that such materials  
33 will not be used for the purpose for which such certificate was issued, such  
34 organization concerned shall be liable for tax on all materials purchased  
35 for the project, and upon payment thereof it may recover the same from  
36 the contractor together with reasonable attorney fees. Any contractor or  
37 any agent, employee or subcontractor thereof, who shall use or otherwise  
38 dispose of any materials purchased under such a certificate for any purpose  
39 other than that for which such a certificate is issued without the payment  
40 of the sales or compensating tax otherwise imposed upon such materials,  
41 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
42 subject to the penalties provided for in K.S.A. 79-3615(h), and  
43 amendments thereto. Sales tax paid on and after January 1, 2007, but prior

1 to the effective date of this act upon the gross receipts received from any  
2 sale which would have been exempted by the provisions of this subsection  
3 had such sale occurred after the effective date of this act shall be refunded.  
4 Each claim for a sales tax refund shall be verified and submitted to the  
5 director of taxation upon forms furnished by the director and shall be  
6 accompanied by any additional documentation required by the director.  
7 The director shall review each claim and shall refund that amount of sales  
8 tax paid as determined under the provisions of this subsection. All refunds  
9 shall be paid from the sales tax refund fund upon warrants of the director  
10 of accounts and reports pursuant to vouchers approved by the director or  
11 the director's designee;

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

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

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

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

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

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

39 (dddd) all sales of tangible personal property or services purchased  
40 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
41 of which are exempt from federal income taxation pursuant to section  
42 501(c)(3) of the federal internal revenue code, for the purpose of providing  
43 education, training and employment opportunities for people with

1 disabilities and other barriers to employment;

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

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



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

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

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

42 (iiii) all sales of tangible personal property or services purchased by a  
43 contractor for the purpose of constructing, maintaining, repairing,

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

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

42 (kkkk) all sales of tangible personal property and services purchased  
43 by or on behalf of reaching out from within, inc., which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal  
2 internal revenue code, for the purpose of sponsoring self-help programs for  
3 incarcerated persons that will enable such incarcerated persons to become  
4 role models for non-violence while in correctional facilities and productive  
5 family members and citizens upon return to the community;

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

1 and, upon conviction therefor, shall be subject to the penalties provided for  
2 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
3 subsection shall expire and have no effect on and after July 1, 2019;

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

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

17 (oooo) all sales of tangible personal property or services purchased  
18 for the purpose of and in conjunction with constructing, reconstructing,  
19 enlarging or remodeling a qualified business facility by a qualified firm or  
20 qualified supplier that meets the requirements established in K.S.A. 2022  
21 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has  
22 been approved for a project exemption certificate by the secretary of  
23 commerce; and the sale and installation of machinery and equipment  
24 purchased by such qualified firm or qualified supplier for installation at  
25 any such qualified business facility. When a person shall contract for the  
26 construction, reconstruction, enlargement or remodeling of any such  
27 qualified business facility, such person shall obtain from the state and  
28 furnish to the contractor an exemption certificate for the project involved,  
29 and the contractor may purchase materials, machinery and equipment for  
30 incorporation in such project. The contractor shall furnish the number of  
31 such certificates to all suppliers from whom such purchases are made, and  
32 such suppliers shall execute invoices covering ~~the same such purchases~~  
33 bearing the number of such certificate. Upon completion of the project, the  
34 contractor shall furnish to the owner of the qualified firm or qualified  
35 supplier a sworn statement, on a form to be provided by the director of  
36 taxation, that all purchases so made were entitled to exemption under this  
37 subsection. All invoices shall be held by the contractor for a period of five  
38 years and shall be subject to audit by the director of taxation. Any  
39 contractor or any agent, employee or subcontractor thereof who shall use  
40 or otherwise dispose of any materials, machinery or equipment purchased  
41 under such a certificate for any purpose other than that for which such a  
42 certificate is issued without the payment of the sales or compensating tax  
43 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon

1 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
2 79-3615(h), and amendments thereto. As used in this subsection, "qualified  
3 business facility," "qualified firm" and "qualified supplier" mean the same  
4 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto; *and*  
5 *(pppp) all sales of tangible personal property or services constituting*  
6 *production or postproduction expenditures purchased for the purpose of a*  
7 *certified project by a production company that meets the requirements*  
8 *established in section 3, and amendments thereto, and that has been*  
9 *approved for a project exemption certificate by the secretary of commerce*  
10 *and the sale and installation of machinery and equipment constituting*  
11 *production or postproduction expenditures purchased by such production*  
12 *company for use in this state for a certified project. Such sales tax*  
13 *exemptions may be limited by the secretary of commerce as provided by*  
14 *section 3, and amendments thereto. When a production company contracts*  
15 *for construction, reconstruction, enlargement or remodeling of any facility*  
16 *for purposes of a certified project that constitutes a production or*  
17 *postproduction expenditure, the production company shall obtain from the*  
18 *state and furnish to the contractor an exemption certificate for the*  
19 *certified project, and the contractor may purchase materials, machinery*  
20 *and equipment for incorporation in such work. The contractor shall*  
21 *furnish the number of such certificates to all suppliers from whom such*  
22 *purchases are made, and such suppliers shall execute invoices covering*  
23 *such purchases bearing the number of such certificate. Upon completion*  
24 *of the work, the contractor shall furnish to the owner of the production*  
25 *company a sworn statement, on a form to be provided by the director of*  
26 *taxation, that all purchases so made were entitled to exemption under this*  
27 *subsection and section 3, and amendments thereto. All invoices shall be*  
28 *held by the contractor for a period of five years and shall be subject to*  
29 *audit by the director of taxation. Any contractor or any agent, employee or*  
30 *subcontractor thereof who uses or otherwise disposes of any materials,*  
31 *machinery or equipment purchased under such a certificate for any*  
32 *purpose other than that for which such a certificate is issued without the*  
33 *payment of the sales or compensating tax otherwise imposed thereon shall*  
34 *be guilty of a misdemeanor and, upon conviction therefor, shall be subject*  
35 *to the penalties provided for in K.S.A. 79-3615(h), and amendments*  
36 *thereto. As used in this subsection, "certified project," "postproduction*  
37 *expenditure," "production company" and "production expenditure" mean*  
38 *the same as defined in section 2, and amendments thereto.*

39 ~~10. 8. 110.~~ 11. K.S.A. 2022 Supp. 79-3606 is hereby repealed.

40 ~~11. 9. 11.~~ 12. This act shall take effect and be in force from and  
41 after its publication in the statute book.