

(Corrected)

[As Amended by Senate Committee of the Whole]

As Amended by Senate Committee

Session of 2011

SENATE BILL No. 196

By Committee on Assessment and Taxation

2-11

1 AN ACT concerning taxation; relating to IMPACT program, withholding,
2 requirements, limitations; income tax deductions, expensing of
3 investment expenditures; income tax credits; sales tax exemptions;
4 creating job creation program fund, administration, expenditures;
5 amending K.S.A. 2010 Supp. 74-50,104, 74-50,106, 74-50,107, 74-
6 50,109, 74-50,110, 74-50,111, 74-50,132, 79-32,160a, 79-32,206 and
7 79-3606 and repealing the existing sections; also repealing K.S.A. 2010
8 Supp. 74-50,151 and 74-50,152.

9

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

11 New Section 1. (a) There is hereby created in the state treasury the
12 job creation program fund. The secretary of commerce, in consultation
13 with the secretary of revenue and the governor, shall administer the fund.
14 All expenditures from the fund shall be for the purpose of promoting job
15 creation and economic development by funding projects related to: (1)
16 Major expansion of an existing Kansas commercial enterprise;

17 (2) potential location in Kansas of the operations of major employer;

18 (3) award of a significant federal or private sector grant which has a
19 financial matching requirement;

20 (4) potential departure from Kansas or the substantial reduction of the
21 operations of a major Kansas employer;

22 (5) training or retraining activities for employees in Kansas
23 companies;

24 (6) potential closure or substantial reduction of the operations of a
25 major state or federal institution;

26 (7) projects in counties with at least a 10% population decline during
27 the period from 2000 to 2010; or

28 (8) other unique economic development opportunities.

29 (b) All expenditures from the fund shall be for the purposes described
30 in subsection (a) and shall be made in accordance with appropriation acts
31 upon warrants of the director of accounts and reports issued pursuant to
32 vouchers approved by the secretary of commerce or the secretary's
33 designee.

1 *[(c) The secretary shall annually make a report on activities of the*
2 *department related to administration of the job creation program fund*
3 *and the funding of projects therefor. Such report shall contain specific*
4 *and aggregate information regarding all expenditures from the fund,*
5 *projects receiving funds, the amount of funds expended for each project,*
6 *the reason and purpose described in subsections (a)(1) through (a)(8)*
7 *for which funding was approved for each project, the number and*
8 *characteristics of jobs created or retained in Kansas, the number of*
9 *such jobs created or retained which do not continue to exist and the*
10 *circumstances and effect of such discontinuance, and any other*
11 *accomplishments related thereto. The secretary shall present such report*
12 *to the president of the senate, the speaker of the house, the senate*
13 *minority leader, the house minority leader, the house committee on*
14 *taxation, the senate committee on assessment and taxation, the senate*
15 *committee on commerce and the house committee on commerce and*
16 *economic development during January of each year.]*

17 New Sec. 2. (a) For taxable years beginning after December 31, 2011,
18 a taxpayer may elect to take an expense deduction from Kansas ~~taxable~~
19 ~~income~~ *net income before expensing or recapture* allocated or
20 apportioned to this state for the cost of the following property placed in
21 service in this state during the taxable year: (1) Tangible property eligible
22 for depreciation under the modified accelerated cost recovery system in
23 section 168 of the internal revenue code, as amended, but not including
24 residential rental property, nonresidential real property, any railroad
25 grading or tunnel bore or any other property with an applicable recovery
26 period in excess of 25 years as defined under section 168(c) or (g) of the
27 internal revenue code, as amended; and (2) computer software as defined
28 in section 197(e)(3)(B) of the internal revenue code, as amended, and as
29 described in section 197(e)(3)(A)(i) of the internal revenue code, as
30 amended, to which section 167 of the internal revenue code, as amended,
31 applies. If such election is made, the amount of expense deduction for such
32 cost shall equal the difference between the depreciable cost of such
33 property for federal income tax purposes and the amount of bonus
34 depreciation being claimed for such property pursuant to section 168(k)
35 of the internal revenue code, as amended, for federal income tax purposes in
36 such tax year, but without regard to any expense deduction being claimed
37 for such property under section 179 of the internal revenue code, as
38 amended, multiplied by the applicable factor, determined by using, the
39 table provided in subsection (f), based on the method of depreciation
40 selected pursuant to section 168(b)(1), (2), or (3) or (g) of the internal
41 revenue code, as amended, and the applicable recovery period for such
42 property as defined under section 168(c) or (g) of the internal revenue
43 code, as amended. This election shall be made by the due date of the

1 original return, including any extensions, and may be made only for the
2 taxable year in which the property is placed in service, and once made,
3 shall be irrevocable. *If the section 179 expense deduction election has*
4 *been made for federal income tax purposes for any asset, the applicable*
5 *factor to be utilized is in the IRC § 168 (b)(1) column of the table*
6 *provided in subsection (f) for the applicable recovery period of the*
7 *respective assets.*

8 (b) If the amount of expense deduction calculated pursuant to
9 subsection (a) exceeds the taxpayer's Kansas ~~taxable income~~ *net income*
10 *before expensing or recapture* allocated or apportioned to this state, such
11 excess amount ~~may be carried forward for deduction in the succeeding~~
12 ~~taxable year or years until the total of such amount is used~~ *shall be treated*
13 *as a net operating loss as provided in K.S.A. 79-32,143, and amendments*
14 *thereto.*

15 (c) If the property for which an expense deduction is taken pursuant
16 to subsection (a) is subsequently sold during the applicable recovery
17 period for such property as defined under section 168(c) of the internal
18 revenue code, as amended, and in a manner that would cause recapture of
19 any previously taken expense or depreciation deductions for federal
20 income tax purposes, or if the situs of such property is otherwise changed
21 such that the property is relocated outside the state of Kansas during such
22 applicable recovery period, then the expense deduction determined
23 pursuant to subsection (a) shall be subject to recapture and treated as
24 Kansas taxable income allocated to this state. The amount of recapture
25 shall be the Kansas expense deduction determined pursuant to subsection
26 (a) multiplied by a fraction, the numerator of which is the number of years
27 remaining in the applicable recovery period for such property as defined
28 under section 168(c) or (g) of the internal revenue code, as amended, after
29 such property is sold or removed from the state including the year of such
30 disposition, and the denominator of which is the total number of years in
31 such applicable recovery period.

32 (d) The situs of tangible property for purposes of claiming and
33 recapture of the expense deduction shall be the physical location of such
34 property. If such property is mobile, the situs shall be the physical location
35 of the business operations from where such property is used or based. The
36 situs of computer software shall be apportioned to Kansas based on the
37 fraction, the numerator of which is the number of the taxpayer's users
38 located in Kansas of licenses for such computer software used in the active
39 conduct of the taxpayer's business operations, and the denominator of
40 which is the total number of the taxpayer's users of the licenses for such
41 computer software used in the active conduct of the taxpayer's business
42 operations everywhere.

43 (e) Any member of a unitary group filing a combined report may

1 elect to take an expense deduction pursuant to subsection (a) for an
 2 investment in property made by any member of the combined group,
 3 provided that the amount calculated pursuant to subsection (a) may only be
 4 deducted from the Kansas ~~taxable income~~ *net income before expensing or*
 5 *recapture* allocated to or apportioned to this state by such member making
 6 the election.

7 (f) The following table shall be used in determining the expense
 8 deduction calculated pursuant to subsection (a):

9 Factors

10 IRC§168	IRC§168(b)(1)	IRC§168(b)(2)	IRC§168(b)(3) or (g)
11 Recover Period	Depreciation	Depreciation	Depreciation
12 (year)	Method	Method	Method
13 2.5	*	.077	.092
14 3	.075	.091	.106
15 3.5	*	.102	.116
16 4	*	.114	.129
17 5	.116	.135	.150
18 6	*	.154	.170
19 6.5	*	.163	.179
20 7	.151	.173	.190
21 7.5	*	.181	.199
22 8	*	.191	.208
23 8.5	*	.199	.217
24 9	*	.208	.226
25 9.5	*	.216	.235
26 10	.198	.224	.244
27 10.5	*	.232	.252
28 11	*	.240	.261
29 11.5	*	.248	.269
30 12	*	.256	.277
31 12.5	*	.263	.285
32 13	*	.271	.293
33 13.5	*	.278	.300
34 14	*	.285	.308
35 15	*	.299	.323
36 16	*	.313	.337
37 16.5	*	.319	.344
38 17	*	.326	.351
39 18	*	.339	.365
40 19	*	.351	.378
41 20	*	.363	.391
42 22	*	.386	.415
43 24	*	.408	.438
44 25	*	.419	.449

45 * *Not Applicable.*

46 (g) If a taxpayer elects to expense any investment pursuant to
 47 subsection (a), such taxpayer shall not be eligible for any tax credit,
 48 accelerated depreciation, or deduction for such investment allowed
 49 pursuant to K.S.A. 2010 Supp. 79-32,160a(e), 79-32,182b, 79-32,201, 79-
 50 32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-

1 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-
2 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258, and
3 amendments thereto.

4 New Sec. 3. Except as otherwise provided, for taxable years
5 commencing after December 31, 2011, no credits may be earned through
6 the Kansas enterprise zone act, K.S.A. 79-32,160a; or the job expansion
7 and investment tax credit act, K.S.A. 79-32,153. Any carry forward credit
8 that has been earned through the Kansas enterprise zone act, K.S.A. 79-
9 32,160a, and is remaining after December 31, 2011, may be carried
10 forward to succeeding taxable years as long as all requirements continue to
11 be met. Any credit that has been earned through the job expansion and
12 investment tax credit act, K.S.A. 79-32,153, with years left in recomputing
13 the credit after December 31, 2011, may continue for the remainder of the
14 nine-year period as long as all requirements continue to be met.

15 Sec. 4. K.S.A. 2010 Supp. 74-50,104 is hereby amended to read as
16 follows: 74-50,104. (a) The secretary shall administer the provisions of
17 this act and the IMPACT program established thereunder. The secretary
18 shall encourage Kansas basic enterprises with similar training needs to
19 cooperate in establishing SKILL projects. The secretary shall coordinate
20 the SKILL program with other job training programs administered by the
21 department of commerce. The secretary shall provide opportunities for
22 coordination and cooperation of SKILL projects with other job training
23 activities in Kansas. Subject to the limitation in K.S.A. 74-50,103, *and*
24 *amendments thereto*, the secretary shall be authorized to make direct
25 investments in educational and related workforce development institutions,
26 for the purpose of promoting improvements in workforce development,
27 human capital, training expertise, infrastructure and job retention.

28 (b) The secretary shall adopt rules and regulations as follows: (1)
29 Prescribing review standards and priorities for approval of proposed
30 agreements under this act, including appropriate incentives for cooperation
31 among projects, in order to maximize the number of new jobs created or
32 retained with respect to individual Kansas basic enterprises, which will
33 remain in Kansas; and (2) prescribing limits on program costs and on
34 project and program size in relation to the number of new jobs created and
35 wages of new or retained jobs. No agreement shall be approved which
36 provides for program costs of a project under the agreement of more than
37 95% of the amount equal to the estimated rate of withholding tax applied
38 to the estimated amount of gross wages of all the new or retained jobs
39 under the project over a ten-year period, *except that this provision shall*
40 *not apply to any project funded from the job creation program fund.*

41 (c) Notice of the approval of a project or program and an annual
42 report of the number of jobs created or retained under the IMPACT act
43 shall be provided to the chairpersons of the senate committee on

1 commerce and the committee on economic development of the house of
2 representatives.

3 (d) The secretary may adopt such other rules and regulations as may
4 be required for the implementation and administration of this act.

5 Sec. 5. K.S.A. 2010 Supp. 74-50,106 is hereby amended to read as
6 follows: 74-50,106. (a) The secretary of commerce shall review
7 applications for proposed agreements submitted by employers in
8 accordance with the standards and guidelines prescribed by this act and by
9 rules and regulations adopted under K.S.A. 74-50,104, and amendments
10 thereto. Each application for approval of a proposed agreement shall be
11 accompanied by information about the number and wages of the new or
12 retained jobs created by the employer, documentation of existing training
13 activities of the employer and such other information as may be required
14 by the secretary of commerce.

15 (b) The secretary of commerce may pool the funding requirements of
16 projects which are the subject of proposed agreements to determine the
17 funding requirements of the IMPACT projects under consideration to
18 facilitate the issuance of bonds by the Kansas development finance
19 authority.

20 (c) The secretary of commerce is hereby authorized to expend funds
21 raised pursuant to this act on major project investments. The secretary
22 shall adopt guidelines consistent with this act concerning firm eligibility
23 for major project investments and shall otherwise administer the major
24 project investment portion of the IMPACT act.

25 (d) In order for an employer to be eligible for a major project
26 investment, the employer must:

27 (1) Annually make an investment in training and education of the
28 employer's employees that exceeds 2% of the employer's total annual
29 payroll costs; or

30 (2) agree that a portion of any funds available under the agreement be
31 spent directly on employee education and training.

32 (e) An employer not creating new jobs shall be eligible to participate
33 in the IMPACT program if the employer meets the following criteria: (1)
34 Maintains a minimum of 250 retained jobs if located in a metropolitan
35 statistical area or a minimum of 100 retained jobs if located in a
36 nonmetropolitan statistical area; and (2) the secretary of commerce finds
37 that the program or project will be a major factor in the Kansas basic
38 enterprise remaining in Kansas, *except that this subsection shall not apply*
39 *to any project funded from the job creation program fund.*

40 Sec. 6. K.S.A. 2010 Supp. 74-50,107 is hereby amended to read as
41 follows: 74-50,107. ~~(a) The secretary shall determine and from time to~~
42 ~~time shall redetermine the rate at which moneys shall be credited to the~~
43 ~~IMPACT program repayment fund in order to satisfy all bond repayment~~

1 obligations which have been incurred to finance program costs for
2 IMPACT programs, which shall be referred to as the debt service rate, and
3 the rate at which moneys shall be credited to the IMPACT program
4 services fund in order to finance program costs that are not financed by
5 bonds, which shall be referred to as the direct funding rate. The total of the
6 debt service rate and the direct funding rate shall be the combined rate.
7 Each rate so determined shall be certified to the secretary of revenue. The
8 combined rate determined under this subsection shall not exceed 2%.

9 (b) Upon receipt of the rates determined and certified under
10 subsection (a), the secretary of revenue shall apply daily the combined rate
11 to that portion of the moneys withheld from the wages of individuals and
12 collected under the Kansas withholding and declaration of estimated tax
13 act K.S.A. 79-3294 et seq., and amendments thereto. The amount so
14 determined shall be credited as follows: (1) The portion attributable to the
15 debt service rate shall be credited to the IMPACT program repayment
16 fund, and (2) the remaining portion shall be credited to the IMPACT
17 program services fund.

18 The aggregate of all amounts credited to the IMPACT program
19 repayment fund under this section during any fiscal year to pay bond
20 repayment obligations on bonds to finance major project investments shall
21 not exceed the amount which results when the rate of 2% is applied to all
22 money withheld from the wages of individuals and received under the
23 Kansas withholding and declaration of estimated tax act.

24 *(a) Commencing July 1, 2011, the secretary of revenue shall apply a*
25 *[(a) (1) The secretary shall determine and from time to time shall*
26 *redetermine the rate at which moneys shall be credited to the IMPACT*
27 *program repayment fund in order to satisfy all bond repayment*
28 *obligations which have been incurred to finance program costs for*
29 *IMPACT programs, which shall be referred to as the debt service rate,*
30 *and the rate at which moneys shall be credited to the IMPACT program*
31 *services fund in order to finance program costs that are not financed by*
32 *bonds, which shall be referred to as the direct funding rate. The total of*
33 *the debt service rate and the direct funding rate shall be the combined*
34 *rate. Each rate so determined shall be certified to the secretary of*
35 *revenue. The combined rate determined under this subsection shall not*
36 *exceed 2%.]*

37 *[(2) Upon receipt of the rates determined and certified under*
38 *subsection (a) (1), the secretary of revenue shall apply daily the*
39 *combined rate to that portion of the moneys withheld from the wages of*
40 *individuals and collected under the Kansas withholding and declaration*
41 *of estimated tax act K.S.A. 79-3294 et seq., and amendments thereto.*
42 *The amount so determined shall be credited as follows: (A) The portion*
43 *attributable to the debt service rate shall be credited to the IMPACT*

1 *program repayment fund, and (B) the remaining portion shall be*
 2 *credited to the IMPACT program services fund.]*

3 *[(3) The aggregate of all amounts credited to the IMPACT program*
 4 *repayment fund under this section during any fiscal year to pay bond*
 5 *repayment obligations on bonds to finance major project investments*
 6 *shall not exceed the amount which results when the rate of 2% is applied*
 7 *to all money withheld from the wages of individuals and received under*
 8 *the Kansas withholding and declaration of estimated tax act.]*

9 *[(4) The provisions of this subsection shall remain in effect prior to*
 10 *July 1, 2012.]*

11 *[(b) Commencing July 1, 2012, the secretary of revenue shall apply*
 12 *a] rate of 2% to that portion of moneys withheld from the wages of*
 13 *individuals and collected under the Kansas withholding and declaration of*
 14 *estimated tax act, K.S.A. 79-3294 et seq., and amendments thereto. The*
 15 *amount so determined shall be credited as follows: (1) An amount*
 16 *necessary to meet obligations of the debt services for the IMPACT*
 17 *program repayment fund; and (2) an amount to the IMPACT program*
 18 *services fund as needed for program administration; and (3) any*
 19 *remaining amounts to the job creation program fund created pursuant to*
 20 *section 1, and amendments thereto.*

21 *~~(b)~~[(c)] Commencing July 1, 2011 2012, and on an annual basis*
 22 *thereafter, the secretary of revenue shall ~~determine~~ estimate the amount*
 23 *equal to the amount of net savings realized from the elimination,*
 24 *modification or limitation of subsection (g) of section 2, section 3, section*
 25 *4, K.S.A. 79-32,206 and subsection (cc) of K.S.A. 79-3606, and*
 26 *amendments thereto any credit, deduction or program pursuant to the*
 27 *provisions of this act as compared to the expense deduction provided for*
 28 *in section 2, and amendments thereto. Whereupon such amount of*
 29 *savings in accordance with appropriation acts shall be remitted to the*
 30 *state treasurer in accordance with the provisions of K.S.A. 75-4215, and*
 31 *amendments thereto. Upon receipt of each such remittance, the state*
 32 *treasurer shall deposit the entire amount to the credit of the job creation*
 33 *program fund created pursuant to section 1, and amendments thereto. In*
 34 *addition, such other amount or amounts of many money may be*
 35 *transferred from the state general fund or any other fund or funds in the*
 36 *state treasury to the job creation program fund in accordance with*
 37 *appropriation acts.*

38 Sec. 7. K.S.A. 2010 Supp. 74-50,109 is hereby amended to read as
 39 follows: 74-50,109. (a) There is hereby created in the state treasury the
 40 IMPACT program repayment fund. The secretary of commerce shall
 41 administer the IMPACT program repayment fund. Except as provided in
 42 subsection (c), all moneys credited to the IMPACT program repayment
 43 fund shall be to make payments to the Kansas development finance

1 authority for payment of costs relating to the retirement of bonds issued to
2 finance projects approved by the secretary of commerce under this act,
3 including but not limited to the principal of and interest on such bonds and
4 the expenses of issuance. All expenditures from the IMPACT program
5 repayment fund shall be made in accordance with appropriations acts upon
6 warrants of the director of accounts and reports issued pursuant to
7 vouchers approved by the secretary of commerce or the secretary's
8 designee.

9 (b) Upon request of the secretary of commerce, the director of
10 accounts and reports shall establish one or more reserve accounts in the
11 IMPACT program repayment fund to secure one or more issues of bonds
12 issued by the Kansas development finance authority for the purposes of
13 this act.

14 (c) On June 30 of each year, any unencumbered balance in the
15 IMPACT program repayment fund which is not required for payment of
16 such expenses during the ensuing fiscal year, including any such expenses
17 associated with proposed ~~investments~~*investment* agreements and bond
18 issues under consideration for such fiscal year, and which is not credited to
19 any reserve account in the fund, as certified by the secretary of commerce
20 to the director of accounts and reports, shall be transferred by the director
21 of accounts and reports from the IMPACT program repayment fund to the
22 IMPACT program services fund *or the job creation program fund*.

23 Sec. 8. K.S.A. 2010 Supp. 74-50,110 is hereby amended to read as
24 follows: 74-50,110. *Except as otherwise provided*, the activities of the
25 secretary of commerce in administering and performing the powers, duties
26 and functions prescribed by the provisions of this act and providing
27 moneys for IMPACT programs from the proceeds of bonds issued by the
28 Kansas development finance authority are hereby approved for the
29 purposes of subsection (b) of K.S.A. 74-8905, and amendments thereto,
30 and the authorization of the issuance of such bonds by the Kansas
31 development finance authority in accordance with that statute. The
32 provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto,
33 shall not prohibit the issuance of bonds for such purposes when so
34 authorized and any such issuance of bonds is exempt from the provisions
35 of subsection (a) of K.S.A. 74-8905, and amendments thereto. *No bonds*
36 *shall be issued for IMPACT projects after December 31, 2011.*

37 Sec. 9. K.S.A. 2010 Supp. 74-50,111 is hereby amended to read as
38 follows: 74-50,111. The secretary of commerce shall annually report on
39 activities under the IMPACT act, pursuant to K.S.A. 74-5049, and
40 amendments thereto. Each report shall contain information regarding the
41 number and characteristics of the new jobs created or jobs retained in
42 Kansas for which SKILL projects or major project investments have been
43 financed under this act, including a report on any such new or retained

1 jobs which do not continue to exist and the circumstances and effect of any
2 such discontinuances, ~~and activities of the department related to~~
3 ~~administration of the job creation program fund and the funding of~~
4 ~~projects thereunder.~~

5 Sec. 10. K.S.A. 2010 Supp. 74-50,132 is hereby amended to read as
6 follows: 74-50,132. (a) For taxable years commencing after December 31,
7 1997, *and before January 1, 2017*, a qualified firm shall be entitled to a
8 credit against the tax imposed by the Kansas income tax act, the premium
9 tax or privilege fee imposed pursuant to K.S.A. 40-252, and amendments
10 thereto, or the privilege tax as measured by net income of financial
11 institutions imposed pursuant to chapter 79, article 11 of the Kansas
12 Statutes Annotated, *and amendments thereto*, in an amount equal to the
13 portion of the qualified business facility cash investment in the training
14 and education of the firm's employees that exceeds 2% of the firm's total
15 payroll costs. The maximum amount of the credit that may be claimed by a
16 single corporate taxpayer in any single tax year under this section shall not
17 exceed \$50,000. Tax credits earned by a qualified business under this
18 section must be claimed in their entirety in the tax year eligible.

19 (b) For tax years commencing after December 31, 2005, any taxpayer
20 claiming credits pursuant to this section, as a condition for claiming and
21 qualifying for such credits, shall provide information pursuant to K.S.A.
22 2010 Supp. 79-32,243, and amendments thereto, as part of the tax return in
23 which such credits are claimed. Such credits shall not be denied solely on
24 the basis of the contents of the information provided by the taxpayer
25 pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto.

26 Sec. 11. K.S.A. 2010 Supp. 79-32,160a is hereby amended to read as
27 follows: 79-32,160a. (a) For taxable years commencing after December
28 31, 1999, *and before January 1, 2012*, any taxpayer who shall invest in a
29 qualified business facility, as defined in subsection (b) of K.S.A. 79-
30 32,154, and amendments thereto, and effective for tax years commencing
31 after December 31, 2010, *and before January 1, 2012*, located in an area
32 other than a metropolitan county as defined in either K.S.A. 2010 Supp.
33 74-50,114 or 74-50,211, and amendments thereto, and also meets the
34 definition of a business in subsection (b) of K.S.A. 74-50,114, and
35 amendments thereto, shall be allowed a credit for such investment, in an
36 amount determined under subsection (b) or (c), as the case requires,
37 against the tax imposed by the Kansas income tax act or where the
38 qualified business facility is the principal place from which the trade or
39 business of the taxpayer is directed or managed and the facility has
40 facilitated the creation of at least 20 new full-time positions, against the
41 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
42 amendments thereto, or as measured by the net income of financial
43 institutions imposed pursuant to chapter 79, article 11 of the Kansas

1 Statutes Annotated, for the taxable year during which commencement of
2 commercial operations, as defined in subsection (f) of K.S.A. 79-32,154,
3 and amendments thereto, occurs at such qualified business facility. In the
4 case of a taxpayer who meets the definition of a manufacturing business in
5 subsection (d) of K.S.A. 74-50,114, and amendments thereto, no credit
6 shall be allowed under this section unless the number of qualified business
7 facility employees, as determined under subsection (d) of K.S.A. 79-
8 32,154, and amendments thereto, engaged or maintained in employment at
9 the qualified business facility as a direct result of the investment by the
10 taxpayer for the taxable year for which the credit is claimed equals or
11 exceeds two. In the case of a taxpayer who meets the definition of a
12 nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and
13 amendments thereto, no credit shall be allowed under this section unless
14 the number of qualified business facility employees, as determined under
15 subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or
16 maintained in employment at the qualified business facility as a direct
17 result of the investment by the taxpayer for the taxable year for which the
18 credit is claimed equals or exceeds five. Where an employee performs
19 services for the taxpayer outside the qualified business facility, the
20 employee shall be considered engaged or maintained in employment at the
21 qualified business facility if: (1) The employee's service performed outside
22 the qualified business facility is incidental to the employee's service inside
23 the qualified business facility; or (2) the base of operations or, the place
24 from which the service is directed or controlled, is at the qualified business
25 facility.

26 (b) The credit allowed by subsection (a) for any taxpayer who invests
27 in a qualified business facility which is located in a designated
28 nonmetropolitan region established under K.S.A. 74-50,116, and
29 amendments thereto, on or after the effective date of this act, shall be a
30 portion of the income tax imposed by the Kansas income tax act on the
31 taxpayer's Kansas taxable income, the premium tax or privilege fees
32 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
33 privilege tax as measured by the net income of financial institutions
34 imposed pursuant to chapter 79, article 11 of the Kansas Statutes
35 Annotated, *and amendments thereto*, for the taxable year for which such
36 credit is allowed, but in the case where the qualified business facility
37 investment was made prior to January 1, 1996, not in excess of 50% of
38 such tax. Such portion shall be an amount equal to the sum of the
39 following:

40 (1) Two thousand five hundred dollars for each qualified business
41 facility employee determined under K.S.A. 79-32,154, and amendments
42 thereto; plus

43 (2) one thousand dollars for each \$100,000, or major fraction thereof,

1 which shall be deemed to be 51% or more, in qualified business facility
2 investment, as determined under K.S.A. 79-32,154, and amendments
3 thereto.

4 (c) The credit allowed by subsection (a) for any taxpayer who invests
5 in a qualified business facility, which is not located in a nonmetropolitan
6 region established under K.S.A. 74-50,116, and amendments thereto, and
7 effective for tax years commencing after December 31, 2010, *and before*
8 *January 1, 2012*, located in an area other than a metropolitan county as
9 defined in either K.S.A. 2010 Supp. 74-50,114 or 74-50,211, and
10 amendments thereto, and which also meets the definition of business in
11 subsection (b) of K.S.A. 74-50,114, and amendments thereto, on or after
12 the effective date of this act, shall be a portion of the income tax imposed
13 by the Kansas income tax act on the taxpayer's Kansas taxable income, the
14 premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
15 amendments thereto, or the privilege tax as measured by the net income of
16 financial institutions imposed pursuant to chapter 79, article 11 of the
17 Kansas Statutes Annotated, *and amendments thereto*, for the taxable year
18 for which such credit is allowed, but in the case where the qualified
19 business facility investment was made prior to January 1, 1996, not in
20 excess of 50% of such tax. Such portion shall be an amount equal to the
21 sum of the following:

22 (1) One thousand five hundred dollars for each qualified business
23 facility employee as determined under K.S.A. 79-32,154, and amendments
24 thereto; and

25 (2) one thousand dollars for each \$100,000, or major fraction thereof,
26 which shall be deemed to be 51% or more, in qualified business facility
27 investment as determined under K.S.A. 79-32,154, and amendments
28 thereto.

29 (d) The credit allowed by subsection (a) for each qualified business
30 facility employee and for qualified business facility investment shall be a
31 one-time credit. If the amount of the credit allowed under subsection (a)
32 exceeds the tax imposed by the Kansas income tax act on the taxpayer's
33 Kansas taxable income, the premium tax and privilege fees imposed
34 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as
35 measured by the net income of financial institutions imposed pursuant to
36 chapter 79, article 11 of the Kansas Statutes Annotated, *and amendments*
37 *thereto*, for the taxable year, or in the case where the qualified business
38 facility investment was made prior to January 1, 1996, 50% of such tax
39 imposed upon the amount which exceeds such tax liability or such portion
40 thereof may be carried over for credit in the same manner in the
41 succeeding taxable years until the total amount of such credit is used.
42 Except that, before the credit is allowed, a taxpayer, who meets the
43 definition of a manufacturing business in subsection (d) of K.S.A. 74-

1 50,114, and amendments thereto, shall recertify annually that the net
2 increase of a minimum of two qualified business facility employees has
3 continued to be maintained and a taxpayer, who meets the definition of a
4 nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and
5 amendments thereto, shall recertify annually that the net increase of a
6 minimum of five qualified business employees has continued to be
7 maintained.

8 (e) Notwithstanding the foregoing provisions of this section, *and*
9 *except as otherwise provided in this subsection, for any tax year*
10 *commencing before January 1, 2017*, any taxpayer qualified and certified
11 under the provisions of K.S.A. 74-50,131, and amendments thereto; which,
12 prior to making a commitment to invest in a qualified Kansas business, has
13 filed a certificate of intent to invest in a qualified business facility in a
14 form satisfactory to the secretary of commerce; and that has received
15 written approval from the secretary of commerce for participation and has
16 participated, during the tax year for which the exemption is claimed, in the
17 Kansas industrial training, Kansas industrial retraining or the state of
18 Kansas investments in lifelong learning program or is eligible for the tax
19 credit established in K.S.A. 74-50,132, and amendments thereto, shall be
20 entitled to a credit in an amount equal to 10% of that portion of the
21 qualified business facility investment which exceeds \$50,000 in lieu of the
22 credit provided in subsection (b)(2) or (c)(2) without regard to the number
23 of qualified business facility employees engaged or maintained in
24 employment at the qualified business facility. *For tax years beginning on*
25 *or after January 1, 2012, and before January 1, 2017, for a qualified*
26 *business facility investment in Douglas, Johnson, Leavenworth,*
27 *Sedgwick, Shawnee or Wyandotte counties, such credit shall be in an*
28 *amount equal to 10% of that portion of the qualified business facility*
29 *investment which exceeds \$5,000,000 \$1,000,000. Any taxpayer who has*
30 *filed an application to be certified under K.S.A. 74-50,131, and*
31 *amendments thereto, is qualified and certified under such provision and*
32 *has commenced work on the project a certificate of intent to invest in a*
33 *qualified business facility pursuant to this subsection in Douglas,*
34 *Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte county prior*
35 *to December 31, 2011, and commences investments in a qualified*
36 *business facility prior to December 31, 2013, may claim credits under*
37 *K.S.A. 74-50,131, 74-50,132 and subsection (e) of 79-32,160a, and*
38 *amendments thereto, in an amount equal to 10% of that portion of the*
39 *qualified business facility investment which exceeds \$50,000. Timing*
40 *modifications may be authorized at the discretion of the secretary of*
41 *commerce and the secretary of revenue during the transition period. The*
42 *credit allowed by this subsection shall be a one-time credit. If the amount*
43 *thereof exceeds the tax imposed by the Kansas income tax act on the*

1 taxpayer's Kansas taxable income or the premium tax or privilege fees
 2 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
 3 privilege tax as measured by net income of financial institutions imposed
 4 pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, *and*
 5 *amendments thereto*, for the taxable year, the amount thereof which
 6 exceeds such tax liability may be carried forward for credit in the
 7 succeeding taxable year or years until the total amount of the tax credit is
 8 used, except that no such tax credit shall be carried forward for deduction
 9 after the 10th taxable year succeeding the taxable year in which such credit
 10 initially was claimed and no carry forward shall be allowed for deduction
 11 in any succeeding taxable year unless the taxpayer continued to be
 12 qualified and was recertified for such succeeding taxable year pursuant to
 13 K.S.A. 74-50,131, and amendments thereto.

14 (f) For tax years commencing after December 31, 2005, any taxpayer
 15 claiming credits pursuant to this section, as a condition for claiming and
 16 qualifying for such credits, shall provide information pursuant to K.S.A.
 17 2010 Supp. 79-32,243, and amendments thereto, as part of the tax return in
 18 which such credits are claimed. Such credits shall not be denied solely on
 19 the basis of the contents of the information provided by the taxpayer
 20 pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto.

21 (g) This section and K.S.A. 79-32,160b, and amendments thereto,
 22 shall be part of and supplemental to the job expansion and investment
 23 credit act of 1976 and ~~aets—amendatory—thereof—and~~
 24 ~~supplemental~~ amendments thereto.

25 Sec. 12. K.S.A. 2010 Supp. 79-32,206 is hereby amended to read as
 26 follows: 79-32,206. For all taxable years commencing after December 31,
 27 2001, *and before January 1, 2012*, there shall be allowed as a credit
 28 against the tax liability of a taxpayer imposed under the Kansas income tax
 29 act, the premiums tax upon insurance companies imposed pursuant to
 30 K.S.A. 40-252, and amendments thereto, and the privilege tax as measured
 31 by net income of financial institutions imposed pursuant to article 11 of
 32 chapter 79 of the Kansas Statutes Annotated, *and amendments thereto*, an
 33 amount equal to 15% of the property tax levied for property tax years
 34 2002, 2003 and 2004, 20% of the property tax levied for property tax years
 35 2005 and 2006, and 25% of the property tax levied for property tax year
 36 2007, and all such years thereafter, actually and timely paid during an
 37 income or privilege taxable year upon commercial and industrial
 38 machinery and equipment classified for property taxation purposes
 39 pursuant to section 1 of article 11 of the Kansas constitution in subclass (5)
 40 or (6) of class 2, machinery and equipment classified for such purposes in
 41 subclass (2) of class 2. For all taxable years commencing after December
 42 31, 2004, *and before January 1, 2012*, there shall be allowed as a credit
 43 against the tax liability of a taxpayer imposed under the Kansas income tax

1 act an amount equal to 20% of the property tax levied for property tax
2 years 2005 and 2006, and 25% of the property tax levied for property tax
3 year 2007 and all such years thereafter, actually and timely paid during an
4 income taxable year upon railroad machinery and equipment classified for
5 property tax purposes pursuant to section 1 of article 11 of the Kansas
6 constitution in subclass (3) of class 2. If the amount of such tax credit
7 exceeds the taxpayer's income tax liability for the taxable year, the amount
8 thereof which exceeds such tax liability shall be refunded to the taxpayer.
9 If the taxpayer is a corporation having an election in effect under
10 subchapter S of the federal internal revenue code, a partnership or a
11 limited liability company, the credit provided by this section shall be
12 claimed by the shareholders of such corporation, the partners of such
13 partnership or the members of such limited liability company in the same
14 manner as such shareholders, partners or members account for their
15 proportionate shares of the income or loss of the corporation, partnership
16 or limited liability company. The secretary of revenue shall adopt rules and
17 regulations regarding the filing of documents that support the amount of
18 credit claimed pursuant to this section.

19 Sec. 13. K.S.A. 2010 Supp. 79-3606 is hereby amended to read as
20 follows: 79-3606. The following shall be exempt from the tax imposed by
21 this act:

22 (a) All sales of motor-vehicle fuel or other articles upon which a sales
23 or excise tax has been paid, not subject to refund, under the laws of this
24 state except cigarettes as defined by K.S.A. 79-3301, and amendments
25 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
26 3817, and amendments thereto, including wort, liquid malt, malt syrup and
27 malt extract, which is not subject to taxation under the provisions of
28 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant
29 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.
30 65-3424d, and amendments thereto, drycleaning and laundry services
31 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross
32 receipts from regulated sports contests taxed pursuant to the Kansas
33 professional regulated sports act, and amendments thereto;

34 (b) all sales of tangible personal property or service, including the
35 renting and leasing of tangible personal property, purchased directly by the
36 state of Kansas, a political subdivision thereof, other than a school or
37 educational institution, or purchased by a public or private nonprofit
38 hospital or public hospital authority or nonprofit blood, tissue or organ
39 bank and used exclusively for state, political subdivision, hospital or
40 public hospital authority or nonprofit blood, tissue or organ bank purposes,
41 except when: (1) Such state, hospital or public hospital authority is
42 engaged or proposes to engage in any business specifically taxable under
43 the provisions of this act and such items of tangible personal property or

1 service are used or proposed to be used in such business, or (2) such
2 political subdivision is engaged or proposes to engage in the business of
3 furnishing gas, electricity or heat to others and such items of personal
4 property or service are used or proposed to be used in such business;

5 (c) all sales of tangible personal property or services, including the
6 renting and leasing of tangible personal property, purchased directly by a
7 public or private elementary or secondary school or public or private
8 nonprofit educational institution and used primarily by such school or
9 institution for nonsectarian programs and activities provided or sponsored
10 by such school or institution or in the erection, repair or enlargement of
11 buildings to be used for such purposes. The exemption herein provided
12 shall not apply to erection, construction, repair, enlargement or equipment
13 of buildings used primarily for human habitation;

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

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

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

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

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

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

43 (h) all rentals of nonsectarian textbooks by public or private

1 elementary or secondary schools;

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

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

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

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

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

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

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

1 (p) all sales of drugs dispensed pursuant to a prescription order by a
2 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
3 1626, and amendments thereto. As used in this subsection, "drug" means a
4 compound, substance or preparation and any component of a compound,
5 substance or preparation, other than food and food ingredients, dietary
6 supplements or alcoholic beverages, recognized in the official United
7 States pharmacopoeia, official homeopathic pharmacopoeia of the United
8 States or official national formulary, and supplement to any of them,
9 intended for use in the diagnosis, cure, mitigation, treatment or prevention
10 of disease or intended to affect the structure or any function of the body;

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

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

35 (s) except as provided in K.S.A. 2010 Supp. 82a-2101, and
36 amendments thereto, all sales of tangible personal property or services
37 purchased directly or indirectly by a groundwater management district
38 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
39 amendments thereto, by a rural water district organized or operating under
40 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
41 supply district organized or operating under the authority of K.S.A. 19-
42 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which
43 property or services are used in the construction activities, operation or

1 maintenance of the district;

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

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

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

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

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

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

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

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

28 (bb) all sales of used mobile homes or manufactured homes. As used
29 in this subsection: (1) "Mobile homes" and "manufactured homes" shall
30 have the meanings ascribed thereto by K.S.A. 58-4202, and amendments
31 thereto; and (2) "sales of used mobile homes or manufactured homes"
32 means sales other than the original retail sale thereof;

33 (cc) all sales of tangible personal property or services purchased
34 *prior to January 1, 2012, except as otherwise provided*, for the purpose of
35 and in conjunction with constructing, reconstructing, enlarging or
36 remodeling a business or retail business which meets the requirements
37 established in K.S.A. 74-50,115, and amendments thereto, and the sale and
38 installation of machinery and equipment purchased for installation at any
39 such business or retail business, *and all sales of tangible personal*
40 *property or services purchased on or after January 1, 2012, and before*
41 *January 1, 2017, for the purpose of and in conjunction with constructing,*
42 *reconstructing, enlarging or remodeling a business which meets the*
43 *requirements established in K.S.A. 74-50,115(e), and amendments thereto,*

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

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

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

39 (ff) on and after July 1, 1988, all sales of new mobile homes or
40 manufactured homes to the extent of 40% of the gross receipts, determined
41 without regard to any trade-in allowance, received from such sale. As used
42 in this subsection, "mobile homes" and "manufactured homes" shall have
43 the meanings ascribed thereto by K.S.A. 58-4202, and amendments

1 thereto;

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

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

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

24 (jj) all sales of tangible personal property or services, including the
25 renting and leasing of tangible personal property, purchased directly on
26 behalf of a community-based mental retardation facility or mental health
27 center organized pursuant to K.S.A. 19-4001 et seq., and amendments
28 thereto, and licensed in accordance with the provisions of K.S.A. 75-
29 3307b, and amendments thereto and all sales of tangible personal property
30 or services purchased by contractors during the time period from July,
31 2003, through June, 2006, for the purpose of constructing, equipping,
32 maintaining or furnishing a new facility for a community-based mental
33 retardation facility or mental health center located in Riverton, Cherokee
34 County, Kansas, which would have been eligible for sales tax exemption
35 pursuant to this subsection if purchased directly by such facility or center.
36 This exemption shall not apply to tangible personal property customarily
37 used for human habitation purposes;

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

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

43 (C) all sales of repair and replacement parts and accessories

1 purchased for such machinery and equipment.

2 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (F) to plan, manage, control or record the receipt and flow of
43 inventories of raw materials, consumables and component parts, the flow

1 of the property undergoing manufacturing or processing and the
2 management of inventories of the finished product;

3 (G) to produce energy for, lubricate, control the operating of or
4 otherwise enable the functioning of other production machinery and
5 equipment and the continuation of production operations;

6 (H) to package the property being manufactured or processed in a
7 container or wrapping in which such property is normally sold or
8 transported;

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

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

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

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

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

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

1 business' laboratory equipment that is not located at the plant or facility,
2 but that would otherwise qualify for exemption under subsection (3)(E).

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

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

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

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

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

21 (E) furniture and other furnishings;

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

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

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

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

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

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

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

1 necessary to administer the provisions of this subsection;

2 (ll) all sales of educational materials purchased for distribution to the
3 public at no charge by a nonprofit corporation organized for the purpose of
4 encouraging, fostering and conducting programs for the improvement of
5 public health;

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

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

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

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

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

25 (rr) all sales of tangible personal property which will admit the
26 purchaser thereof to any annual event sponsored by a nonprofit
27 organization which is exempt from federal income taxation pursuant to
28 section 501(c)(3) of the federal internal revenue code of 1986;

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

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

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

40 (vv) all sales of tangible personal property purchased by any of the
41 following organizations which are exempt from federal income taxation
42 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
43 for the following purposes, and all sales of any such property by or on

1 behalf of any such organization for any such purpose:

- 2 (1) The American Heart Association, Kansas Affiliate, Inc. for the
3 purposes of providing education, training, certification in emergency
4 cardiac care, research and other related services to reduce disability and
5 death from cardiovascular diseases and stroke;
- 6 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
7 advocacy for persons with mental illness and to education, research and
8 support for their families;
- 9 (3) the Kansas Mental Illness Awareness Council for the purposes of
10 advocacy for persons who are mentally ill and to education, research and
11 support for them and their families;
- 12 (4) the American Diabetes Association Kansas Affiliate, Inc. for the
13 purpose of eliminating diabetes through medical research, public education
14 focusing on disease prevention and education, patient education including
15 information on coping with diabetes, and professional education and
16 training;
- 17 (5) the American Lung Association of Kansas, Inc. for the purpose of
18 eliminating all lung diseases through medical research, public education
19 including information on coping with lung diseases, professional education
20 and training related to lung disease and other related services to reduce the
21 incidence of disability and death due to lung disease;
- 22 (6) the Kansas chapters of the Alzheimer's Disease and Related
23 Disorders Association, Inc. for the purpose of providing assistance and
24 support to persons in Kansas with Alzheimer's disease, and their families
25 and caregivers;
- 26 (7) the Kansas chapters of the Parkinson's disease association for the
27 purpose of eliminating Parkinson's disease through medical research and
28 public and professional education related to such disease;
- 29 (8) the National Kidney Foundation of Kansas and Western Missouri
30 for the purpose of eliminating kidney disease through medical research
31 and public and private education related to such disease;
- 32 (9) the heartstrings community foundation for the purpose of
33 providing training, employment and activities for adults with
34 developmental disabilities;
- 35 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
36 the purposes of assuring the development of the means to cure and control
37 cystic fibrosis and improving the quality of life for those with the disease;
- 38 (11) the spina bifida association of Kansas for the purpose of
39 providing financial, educational and practical aid to families and
40 individuals with spina bifida. Such aid includes, but is not limited to,
41 funding for medical devices, counseling and medical educational
42 opportunities;
- 43 (12) the CHWC, Inc., for the purpose of rebuilding urban core

1 neighborhoods through the construction of new homes, acquiring and
2 renovating existing homes and other related activities, and promoting
3 economic development in such neighborhoods;

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

6 (14) the Dreams Work, Inc., for the purpose of providing young adult
7 day services to individuals with developmental disabilities and assisting
8 families in avoiding institutional or nursing home care for a
9 developmentally disabled member of their family;

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

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

19 (17) the Dream Factory, Inc., for the purpose of granting the dreams
20 of children with critical and chronic illnesses;

21 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
22 students and families with education and resources necessary to enable
23 each child to develop fine character and musical ability to the fullest
24 potential;

25 (19) the International Association of Lions Clubs for the purpose of
26 creating and fostering a spirit of understanding among all people for
27 humanitarian needs by providing voluntary services through community
28 involvement and international cooperation;

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

33 (21) the American Cancer Society, Inc., for the purpose of eliminating
34 cancer as a major health problem by preventing cancer, saving lives and
35 diminishing suffering from cancer, through research, education, advocacy
36 and service;

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

39 (23) the angel babies association, for the purpose of providing
40 assistance, support and items of necessity to teenage mothers and their
41 babies; and

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

1 (ww) all sales of tangible personal property purchased by the Habitat
2 for Humanity for the exclusive use of being incorporated within a housing
3 project constructed by such organization;

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

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

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

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

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

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

28 (bbb) all sales of food for human consumption by an organization
29 which is exempt from federal income taxation pursuant to section 501(c)
30 (3) of the federal internal revenue code of 1986, pursuant to a food
31 distribution program which offers such food at a price below cost in
32 exchange for the performance of community service by the purchaser
33 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 which is exempt from federal income
38 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
39 and all sales of tangible personal property or services purchased by a
40 contractor for the purpose of constructing, equipping, reconstructing,
41 maintaining, repairing, enlarging, furnishing or remodeling facilities for
42 any such clinic or center which would be exempt from taxation under the
43 provisions of this section if purchased directly by such clinic or center.

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

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

1 except for the operation of this subsection shall be recouped in accordance
2 with rules and regulations adopted for such purpose by the secretary of
3 revenue;

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

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

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

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

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

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

1 determined under the provisions of this subsection. All refunds shall be
2 paid from the sales tax refund fund upon warrants of the director of
3 accounts and reports pursuant to vouchers approved by the director or the
4 director's designee;

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

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

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

35 (nnn) all sales of tangible personal property and services purchased
36 by the West Sedgwick County-Sunrise Rotary Club and Sunrise Charitable
37 Fund for the purpose of constructing a boundless playground which is an
38 integrated, barrier free and developmentally advantageous play
39 environment for children of all abilities and disabilities;

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

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

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

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

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

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

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

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

1 from whom such purchases are made, and such suppliers shall execute
2 invoices covering the same bearing the number of such certificate. Upon
3 completion of the project, the contractor shall furnish to such nonprofit
4 museum a sworn statement on a form to be provided by the director of
5 taxation that all purchases so made were entitled to exemption under this
6 subsection. All invoices shall be held by the contractor for a period of five
7 years and shall be subject to audit by the director of taxation. If any
8 materials purchased under such a certificate are found not to have been
9 incorporated in the building or other project or not to have been returned
10 for credit or the sales or compensating tax otherwise imposed upon such
11 materials which will not be so incorporated in a home or facility or other
12 project reported and paid by such contractor to the director of taxation not
13 later than the 20th day of the month following the close of the month in
14 which it shall be determined that such materials will not be used for the
15 purpose for which such certificate was issued, such nonprofit museum
16 shall be liable for tax on all materials purchased for the project, and upon
17 payment thereof it may recover the same from the contractor together with
18 reasonable attorney fees. Any contractor or any agent, employee or
19 subcontractor thereof, who shall use or otherwise dispose of any materials
20 purchased under such a certificate for any purpose other than that for
21 which such a certificate is issued without the payment of the sales or
22 compensating tax otherwise imposed upon such materials, shall be guilty
23 of a misdemeanor and, upon conviction therefor, shall be subject to the
24 penalties provided for in subsection (g) of K.S.A. 79-3615, and
25 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 which 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
14 which will not be so incorporated in the building or other project reported
15 and paid by such contractor to the director of taxation not later than the
16 20th 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
27 subsection (g) of K.S.A. 79-3615, 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 which is exempt from
31 federal income taxation pursuant to section 501(c)(3) of the federal
32 internal revenue code, for the purpose of providing Jazz in the Woods, an
33 event benefiting children-in-need and other nonprofit charities assisting
34 such 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, which 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 which will not
30 be so incorporated in such facilities reported and paid by such contractor
31 to the director of taxation not later than the 20th day of the month
32 following the close of the month in which it shall be determined that such
33 materials will not be used for the purpose for which such certificate was
34 issued, such organization concerned shall be liable for tax on all materials
35 purchased for the project, and upon payment thereof it may recover the
36 same from the contractor together with reasonable attorney fees. Any
37 contractor or any agent, employee or subcontractor thereof, who shall use
38 or otherwise dispose of any materials purchased under such a certificate
39 for any purpose other than that for which such a certificate is issued
40 without the payment of the sales or compensating tax otherwise imposed
41 upon such materials, shall be guilty of a misdemeanor and, upon
42 conviction therefor, shall be subject to the penalties provided for in
43 subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid

1 on and after January 1, 2007, but prior to the effective date of this act upon
2 the gross receipts received from any sale which would have been
3 exempted by the provisions of this subsection had such sale occurred after
4 the effective date of this act shall be refunded. Each claim for a sales tax
5 refund shall be verified and submitted to the director of taxation upon
6 forms furnished by the director and shall be accompanied by any
7 additional documentation required by the director. The director shall
8 review each claim and shall refund that amount of sales tax paid as
9 determined under the provisions of this subsection. All refunds shall be
10 paid from the sales tax refund fund upon warrants of the director of
11 accounts and reports pursuant to vouchers approved by the director or the
12 director's designee;

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

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

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

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

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

31 (cccc) all sales of tangible personal property or services purchased by
32 or on behalf of wayside waifs, 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 such organization's annual fundraiser, an
35 event whose purpose is to support the care of homeless and abandoned
36 animals, animal adoption efforts, education programs for children and
37 efforts to reduce animal over-population and animal welfare services, and
38 all sales of any such property, including entry or participation fees or
39 charges, by or on behalf of such organization for such purpose;

40 (dddd) all sales of tangible personal property or services purchased
41 by or on behalf of Goodwill Industries or Easter Seals of Kansas, Inc.,
42 both of which are exempt from federal income taxation pursuant to section
43 501(c)(3) of the federal internal revenue code, for the purpose of providing

1 education, training and employment opportunities for people with
2 disabilities and other barriers to employment;

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

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

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

13 Sec. 14. K.S.A. 2010 Supp. 74-50,104, 74-50,106, 74-50,107, 74-
14 50,109, 74-50,110, 74-50,111, 74-50,132, 79-32,160a, 79-32,206 and 79-
15 3606 are hereby repealed.

16 Sec. 15. On January 1, 2012, K.S.A. 2010 Supp. 74-50,151 and 74-
17 50,152 are hereby repealed.

18 Sec. 16. This act shall take effect and be in force from and after its
19 publication in the statute book.
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