

## HOUSE BILL No. 2308

By Committee on Taxation

2-11

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1 AN ACT concerning sales taxation; relating to exemptions of certain  
2 machinery and equipment used in automated ice vending machines;  
3 amending K.S.A. 2014 Supp. 79-3606 and repealing the existing  
4 section.  
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6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as  
8 follows: 79-3606. The following shall be exempt from the tax imposed by  
9 this act:

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

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

36 (c) all sales of tangible personal property or services, including the

1 renting and leasing of tangible personal property, purchased directly by a  
2 public or private elementary or secondary school or public or private  
3 nonprofit educational institution and used primarily by such school or  
4 institution for nonsectarian programs and activities provided or sponsored  
5 by such school or institution or in the erection, repair or enlargement of  
6 buildings to be used for such purposes. The exemption herein provided  
7 shall not apply to erection, construction, repair, enlargement or equipment  
8 of buildings used primarily for human habitation;

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

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

38 (e) all sales of tangible personal property or services purchased by a  
39 contractor for the erection, repair or enlargement of buildings or other  
40 projects for the government of the United States, its agencies or  
41 instrumentalities, which would be exempt from taxation if purchased  
42 directly by the government of the United States, its agencies or  
43 instrumentalities. When the government of the United States, its agencies

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

26 (f) tangible personal property purchased by a railroad or public utility  
27 for consumption or movement directly and immediately in interstate  
28 commerce;

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

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

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

42 (j) meals served without charge or food used in the preparation of  
43 such meals to employees of any restaurant, eating house, dining car, hotel,

1 drugstore or other place where meals or drinks are regularly sold to the  
2 public if such employees' duties are related to the furnishing or sale of  
3 such meals or drinks;

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

10 (l) all isolated or occasional sales of tangible personal property,  
11 services, substances or things, except isolated or occasional sale of motor  
12 vehicles specifically taxed under the provisions of ~~subsection (o)~~ of K.S.A.  
13 79-3603(o), and amendments thereto;

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

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

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

39 (p) all sales of drugs dispensed pursuant to a prescription order by a  
40 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
41 1626, and amendments thereto. As used in this subsection, "drug" means a  
42 compound, substance or preparation and any component of a compound,  
43 substance or preparation, other than food and food ingredients, dietary

1 supplements or alcoholic beverages, recognized in the official United  
2 States pharmacopoeia, official homeopathic pharmacopoeia of the United  
3 States or official national formulary, and supplement to any of them,  
4 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
5 of disease or intended to affect the structure or any function of the body,  
6 except that for taxable years commencing after December 31, 2013, this  
7 subsection shall not apply to any sales of drugs used in the performance or  
8 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
9 thereto;

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

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

34 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and  
35 amendments thereto, all sales of tangible personal property or services  
36 purchased directly or indirectly by a groundwater management district  
37 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
38 amendments thereto, by a rural water district organized or operating under  
39 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
40 supply district organized or operating under the authority of K.S.A. 19-  
41 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which  
42 property or services are used in the construction activities, operation or  
43 maintenance of the district;

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

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

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

43 (w) all sales of natural gas, electricity, heat and water delivered

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

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

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

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

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

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

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



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

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

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

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

43 (gg) all sales of tangible personal property purchased in accordance

1 with vouchers issued pursuant to the federal special supplemental food  
2 program for women, infants and children;

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

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

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

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

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

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

1 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 management of inventories of the finished product;

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

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

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

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

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

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

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

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

1 but that would otherwise qualify for exemption under subsection (3)(E);  
2 ~~and~~ (F) all machinery and equipment used in surface mining activities as  
3 described in K.S.A. 49-601 et seq., and amendments thereto, beginning  
4 from the time a reclamation plan is filed to the acceptance of the  
5 completed final site reclamation; *and (G) for purchases made on or after*  
6 *July 1, 2015, machinery and equipment used to manufacture or process*  
7 *ice for sale that is utilized in an automated stand alone self-serving ice*  
8 *vending machine.*

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

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

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

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

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

27 (E) furniture and other furnishings;

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

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

34 (H) machinery and equipment used for general plant heating, cooling  
35 and lighting;

36 (I) motor vehicles that are registered for operation on public  
37 highways; or

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

41 (6) Subsections (3) and (5) shall not be construed as exclusive listings  
42 of the machinery and equipment that qualify or do not qualify as an  
43 integral or essential part of an integrated production operation. When

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

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

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

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

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

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

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

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

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

42 (ss) all sales of tangible personal property and services purchased by  
43 a public broadcasting station licensed by the federal communications

1 commission as a noncommercial educational television or radio station;

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

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

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

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

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

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

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

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

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

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

42 (8) the national kidney foundation of Kansas and western Missouri  
43 for the purpose of eliminating kidney disease through medical research



1 and public and private education related to such disease;

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

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

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

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

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

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

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

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

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

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

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

42 (20) the Johnson county young matrons, inc., for the purpose of  
43 promoting a positive future for members of the community through

1 volunteerism, financial support and education through the efforts of an all  
2 volunteer organization;

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

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

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

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

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

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

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

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

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

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

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

41 (bbb) all sales of food for human consumption by an organization  
42 which is exempt from federal income taxation pursuant to section 501(c)  
43 (3) of the federal internal revenue code of 1986, pursuant to a food

1 distribution program which offers such food at a price below cost in  
2 exchange for the performance of community service by the purchaser  
3 thereof;

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

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

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

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

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

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

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

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

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

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

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

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



1 provided or sponsored by such organization, and all sales of tangible  
2 personal property by or on behalf of any such organization;

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

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

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

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

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

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

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

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

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

40 (ttt) all sales of tangible personal property or services purchased by a  
41 contractor for a project for the purpose of restoring, constructing,  
42 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
43 remodeling a home or facility owned by a nonprofit museum which has

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

43 (uuu) all sales of tangible personal property and services purchased

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

1 subsection (g) of K.S.A. 79-3615(h), and amendments thereto;

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

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

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

1 under such a certificate are found not to have been incorporated in such  
2 facilities or not to have been returned for credit or the sales or  
3 compensating tax otherwise imposed upon such materials which will not  
4 be so incorporated in such facilities reported and paid by such contractor  
5 to the director of taxation not later than the 20<sup>th</sup> day of the month following  
6 the close of the month in which it shall be determined that such materials  
7 will not be used for the purpose for which such certificate was issued, such  
8 organization concerned shall be liable for tax on all materials purchased  
9 for the project, and upon payment thereof it may recover the same from  
10 the contractor together with reasonable attorney fees. Any contractor or  
11 any agent, employee or subcontractor thereof, who shall use or otherwise  
12 dispose of any materials purchased under such a certificate for any purpose  
13 other than that for which such a certificate is issued without the payment  
14 of the sales or compensating tax otherwise imposed upon such materials,  
15 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
16 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-  
17 3615(h), and amendments thereto. Sales tax paid on and after January 1,  
18 2007, but prior to the effective date of this act upon the gross receipts  
19 received from any sale which would have been exempted by the provisions  
20 of this subsection had such sale occurred after the effective date of this act  
21 shall be refunded. Each claim for a sales tax refund shall be verified and  
22 submitted to the director of taxation upon forms furnished by the director  
23 and shall be accompanied by any additional documentation required by the  
24 director. The director shall review each claim and shall refund that amount  
25 of sales tax paid as determined under the provisions of this subsection. All  
26 refunds shall be paid from the sales tax refund fund upon warrants of the  
27 director of accounts and reports pursuant to vouchers approved by the  
28 director or the director's designee;

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

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

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

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

42 (bbbb) all sales of entry or participation fees, charges or tickets by  
43 Guadalupe health foundation, which is exempt from federal income



1 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
2 for such organization's annual fundraising event which purpose is to  
3 provide health care services for uninsured workers;

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

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

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

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

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

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

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

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

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

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

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

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

24 Sec. 2. K.S.A. 2014 Supp. 79-3606 is hereby repealed.

25 Sec. 3. This act shall take effect and be in force from and after its  
26 publication in the statute book.