

HOUSE BILL No. 2435

By Committee on Taxation

5-19

1 AN ACT concerning sales taxation; relating to exemptions; materials
2 purchased by contractors to construct, equip, reconstruct, maintain,
3 repair, enlarge, furnish or remodel public buildings; amending K.S.A.
4 2014 Supp. 79-3606 and repealing the existing section.

5
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; *or*
36 (3) such property is purchased for the purpose of constructing, equipping,

1 *reconstructing, maintaining, repairing, enlarging, furnishing or*
2 *remodeling facilities for an entity described in this subsection, unless such*
3 *project began prior to July 1, 2015;*

4 (c) all sales of tangible personal property or services, including the
5 renting and leasing of tangible personal property, purchased directly by a
6 public or private elementary or secondary school or public or private
7 nonprofit educational institution and used primarily by such school or
8 institution for nonsectarian programs and activities provided or sponsored
9 by such school or institution ~~or in the erection, repair or enlargement of~~
10 ~~buildings to be used for such purposes, but not including purchases of~~
11 ~~tangible personal property for the purpose of the erection, repair or~~
12 ~~enlargement of buildings unless such project to erect, repair or enlarge~~
13 ~~began prior to July 1, 2015.~~ The exemption herein provided shall not
14 apply to erection, construction, repair, enlargement or equipment of
15 buildings used primarily for human habitation;

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

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

1 ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto. *The*
2 *provisions of this subsection shall not apply to sales of tangible personal*
3 *property purchased by a contractor pursuant to a contract executed after*
4 *June 30, 2014, to construct, equip, reconstruct, maintain, repair, enlarge,*
5 *furnish or remodel a facility;*

6 (e) all sales of tangible personal property or services purchased by a
7 contractor for the erection, repair or enlargement of buildings or other
8 projects for the government of the United States, its agencies or
9 instrumentalities, which would be exempt from taxation if purchased
10 directly by the government of the United States, its agencies or
11 instrumentalities. When the government of the United States, its agencies
12 or instrumentalities shall contract for the erection, repair, or enlargement
13 of any building or other project, it shall obtain from the state and furnish to
14 the contractor an exemption certificate for the project involved, and the
15 contractor may purchase materials for incorporation in such project. The
16 contractor shall furnish the number of such certificates to all suppliers
17 from whom such purchases are made, and such suppliers shall execute
18 invoices covering the same bearing the number of such certificate. Upon
19 completion of the project the contractor shall furnish to the government of
20 the United States, its agencies or instrumentalities concerned a sworn
21 statement, on a form to be provided by the director of taxation, that all
22 purchases so made were entitled to exemption under this subsection. As an
23 alternative to the foregoing procedure, any such contracting entity may
24 apply to the secretary of revenue for agent status for the sole purpose of
25 issuing and furnishing project exemption certificates to contractors
26 pursuant to rules and regulations adopted by the secretary establishing
27 conditions and standards for the granting and maintaining of such status.
28 All invoices shall be held by the contractor for a period of five years and
29 shall be subject to audit by the director of taxation. Any contractor or any
30 agent, employee or subcontractor thereof, who shall use or otherwise
31 dispose of any materials purchased under such a certificate for any purpose
32 other than that for which such a certificate is issued without the payment
33 of the sales or compensating tax otherwise imposed upon such materials,
34 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
35 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
36 3615(h), and amendments thereto;

37 (f) tangible personal property purchased by a railroad or public utility
38 for consumption or movement directly and immediately in interstate
39 commerce;

40 (g) sales of aircraft including remanufactured and modified aircraft
41 sold to persons using directly or through an authorized agent such aircraft
42 as certified or licensed carriers of persons or property in interstate or
43 foreign commerce under authority of the laws of the United States or any

1 foreign government or sold to any foreign government or agency or
2 instrumentality of such foreign government and all sales of aircraft for use
3 outside of the United States and sales of aircraft repair, modification and
4 replacement parts and sales of services employed in the remanufacture,
5 modification and repair of aircraft;

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

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

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

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

21 (l) all isolated or occasional sales of tangible personal property,
22 services, substances or things, except isolated or occasional sale of motor
23 vehicles specifically taxed under the provisions of ~~subsection (o)~~ of K.S.A.
24 79-3603(o), and amendments thereto;

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

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

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

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

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

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

1 of the body;

2 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and
3 amendments thereto, all sales of tangible personal property or services
4 purchased directly or indirectly by a groundwater management district
5 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
6 amendments thereto, by a rural water district organized or operating under
7 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
8 supply district organized or operating under the authority of K.S.A. 19-
9 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
10 property or services are used in the construction activities, operation or
11 maintenance of the district;

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

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

41 (v) all sales of tangible personal property to any contractor for use in
42 preparing meals for delivery to homebound elderly persons over 60 years
43 of age and to homebound disabled persons or to be served at a group-

1 sitting at a location outside of the home to otherwise homebound elderly
2 persons over 60 years of age and to otherwise homebound disabled
3 persons, as all or part of any food service project funded in whole or in
4 part by government or as part of a private nonprofit food service project
5 available to all such elderly or disabled persons residing within an area of
6 service designated by the private nonprofit organization, and all sales of
7 tangible personal property for use in preparing meals for consumption by
8 indigent or homeless individuals whether or not such meals are consumed
9 at a place designated for such purpose, and all sales of food products by or
10 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

43 (cc) all sales of tangible personal property or services purchased prior

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

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

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

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

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

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

27 (ii) all sales of tangible personal property purchased directly by a
28 nonprofit organization for nonsectarian comprehensive multidiscipline
29 youth development programs and activities provided or sponsored by such
30 organization, and all sales of tangible personal property by or on behalf of
31 any such organization. This exemption shall not apply to tangible personal
32 property customarily used for human habitation purposes;

33 (jj) all sales of tangible personal property or services, including the
34 renting and leasing of tangible personal property, purchased directly on
35 behalf of a community-based facility for people with intellectual disability
36 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
37 amendments thereto, and licensed in accordance with the provisions of
38 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
39 personal property or services purchased by contractors during the time
40 period from July, 2003, through June, 2006, for the purpose of
41 constructing, equipping, maintaining or furnishing a new facility for a
42 community-based facility for people with intellectual disability or mental
43 health center located in Riverton, Cherokee County, Kansas, which would

1 have been eligible for sales tax exemption pursuant to this subsection if
2 purchased directly by such facility or center. This exemption shall not
3 apply to tangible personal property customarily used for human habitation
4 purposes;

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

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

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

12 (2) For purposes of this subsection:

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

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

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

37 (D) "manufacturing or processing business" means a business that
38 utilizes an integrated production operation to manufacture, process,
39 fabricate, finish, or assemble items for wholesale and retail distribution as
40 part of what is commonly regarded by the general public as an industrial
41 manufacturing or processing operation or an agricultural commodity
42 processing operation. (i) Industrial manufacturing or processing operations
43 include, by way of illustration but not of limitation, the fabrication of

1 automobiles, airplanes, machinery or transportation equipment, the
2 fabrication of metal, plastic, wood, or paper products, electricity power
3 generation, water treatment, petroleum refining, chemical production,
4 wholesale bottling, newspaper printing, ready mixed concrete production,
5 and the remanufacturing of used parts for wholesale or retail sale. Such
6 processing operations shall include operations at an oil well, gas well,
7 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
8 sand or gravel that has been extracted from the earth is cleaned, separated,
9 crushed, ground, milled, screened, washed, or otherwise treated or
10 prepared before its transmission to a refinery or before any other wholesale
11 or retail distribution. (ii) Agricultural commodity processing operations
12 include, by way of illustration but not of limitation, meat packing, poultry
13 slaughtering and dressing, processing and packaging farm and dairy
14 products in sealed containers for wholesale and retail distribution, feed
15 grinding, grain milling, frozen food processing, and grain handling,
16 cleaning, blending, fumigation, drying and aeration operations engaged in
17 by grain elevators or other grain storage facilities. (iii) Manufacturing or
18 processing businesses do not include, by way of illustration but not of
19 limitation, nonindustrial businesses whose operations are primarily retail
20 and that produce or process tangible personal property as an incidental part
21 of conducting the retail business, such as retailers who bake, cook or
22 prepare food products in the regular course of their retail trade, grocery
23 stores, meat lockers and meat markets that butcher or dress livestock or
24 poultry in the regular course of their retail trade, contractors who alter,
25 service, repair or improve real property, and retail businesses that clean,
26 service or refurbish and repair tangible personal property for its owner;

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

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

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

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

41 (B) to transport, convey, handle or store the property undergoing
42 manufacturing or processing at any point from the beginning of the
43 production line through any warehousing or distribution operation of the

1 final product that occurs at the plant or facility;

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

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

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

9 (F) to plan, manage, control or record the receipt and flow of
10 inventories of raw materials, consumables and component parts, the flow
11 of the property undergoing manufacturing or processing and the
12 management of inventories of the finished product;

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

16 (H) to package the property being manufactured or processed in a
17 container or wrapping in which such property is normally sold or
18 transported;

19 (I) to transmit or transport electricity, coke, gas, water, steam or
20 similar substances used in production operations from the point of
21 generation, if produced by the manufacturer or processor at the plant site,
22 to that manufacturer's production operation; or, if purchased or delivered
23 from off-site, from the point where the substance enters the site of the
24 plant or facility to that manufacturer's production operations;

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

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

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

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

35 (4) The following machinery, equipment and materials shall be
36 deemed to be exempt even though it may not otherwise qualify as
37 machinery and equipment used as an integral or essential part of an
38 integrated production operation: (A) Computers and related peripheral
39 equipment that are utilized by a manufacturing or processing business for
40 engineering of the finished product or for research and development or
41 product design; (B) machinery and equipment that is utilized by a
42 manufacturing or processing business to manufacture or rebuild tangible
43 personal property that is used in manufacturing or processing operations,

1 including tools, dies, molds, forms and other parts of qualifying machinery
2 and equipment; (C) portable plants for aggregate concrete, bulk cement
3 and asphalt including cement mixing drums to be attached to a motor
4 vehicle; (D) industrial fixtures, devices, support facilities and special
5 foundations necessary for manufacturing and production operations, and
6 materials and other tangible personal property sold for the purpose of
7 fabricating such fixtures, devices, facilities and foundations. An exemption
8 certificate for such purchases shall be signed by the manufacturer or
9 processor. If the fabricator purchases such material, the fabricator shall
10 also sign the exemption certificate; (E) a manufacturing or processing
11 business' laboratory equipment that is not located at the plant or facility,
12 but that would otherwise qualify for exemption under subsection (3)(E);
13 (F) all machinery and equipment used in surface mining activities as
14 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
15 from the time a reclamation plan is filed to the acceptance of the
16 completed final site reclamation.

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

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

24 (B) machinery, equipment and tools used primarily in maintaining
25 and repairing any type of machinery and equipment or the building and
26 plant;

27 (C) transportation, transmission and distribution equipment not
28 primarily used in a production, warehousing or material handling
29 operation at the plant or facility, including the means of conveyance of
30 natural gas, electricity, oil or water, and equipment related thereto, located
31 outside the plant or facility;

32 (D) office machines and equipment including computers and related
33 peripheral equipment not used directly and primarily to control or measure
34 the manufacturing process;

35 (E) furniture and other furnishings;

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

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

42 (H) machinery and equipment used for general plant heating, cooling
43 and lighting;

1 (I) motor vehicles that are registered for operation on public
2 highways; or

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

6 (6) Subsections (3) and (5) shall not be construed as exclusive listings
7 of the machinery and equipment that qualify or do not qualify as an
8 integral or essential part of an integrated production operation. When
9 machinery or equipment is used as an integral or essential part of
10 production operations part of the time and for nonproduction purposes at
11 other times, the primary use of the machinery or equipment shall
12 determine whether or not such machinery or equipment qualifies for
13 exemption.

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

16 (II) all sales of educational materials purchased for distribution to the
17 public at no charge by a nonprofit corporation organized for the purpose of
18 encouraging, fostering and conducting programs for the improvement of
19 public health, except that for taxable years commencing after December
20 31, 2013, this subsection shall not apply to any sales of such materials
21 purchased by a nonprofit corporation which performs any abortion, as
22 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

42 (rr) all sales of tangible personal property which will admit the
43 purchaser thereof to any annual event sponsored by a nonprofit

1 organization which is exempt from federal income taxation pursuant to
2 section 501(c)(3) of the federal internal revenue code of 1986, except that
3 for taxable years commencing after December 31, 2013, this subsection
4 shall not apply to any sales of such tangible personal property purchased
5 by a nonprofit organization which performs any abortion, as defined in
6 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

33 (4) the American diabetes association Kansas affiliate, inc. for the
34 purpose of eliminating diabetes through medical research, public education
35 focusing on disease prevention and education, patient education including
36 information on coping with diabetes, and professional education and
37 training;

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

43 (6) the Kansas chapters of the Alzheimer's disease and related

1 disorders association, inc. for the purpose of providing assistance and
2 support to persons in Kansas with Alzheimer's disease, and their families
3 and caregivers;

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

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

10 (9) the heartstrings community foundation for the purpose of
11 providing training, employment and activities for adults with
12 developmental disabilities;

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

16 (11) the spina bifida association of Kansas for the purpose of
17 providing financial, educational and practical aid to families and
18 individuals with spina bifida. Such aid includes, but is not limited to,
19 funding for medical devices, counseling and medical educational
20 opportunities;

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

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

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

31 (15) the KSDS, Inc., for the purpose of promoting the independence
32 and inclusion of people with disabilities as fully participating and
33 contributing members of their communities and society through the
34 training and providing of guide and service dogs to people with
35 disabilities, and providing disability education and awareness to the
36 general public;

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

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

42 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
43 students and families with education and resources necessary to enable

1 each child to develop fine character and musical ability to the fullest
2 potential;

3 (19) the international association of lions clubs for the purpose of
4 creating and fostering a spirit of understanding among all people for
5 humanitarian needs by providing voluntary services through community
6 involvement and international cooperation;

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

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

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

17 (23) the angel babies association, for the purpose of providing
18 assistance, support and items of necessity to teenage mothers and their
19 babies; and

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

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

25 (xx) all sales of tangible personal property and services purchased by
26 a nonprofit zoo which is exempt from federal income taxation pursuant to
27 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
28 of such zoo by an entity itself exempt from federal income taxation
29 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
30 contracted with to operate such zoo and all sales of tangible personal
31 property or services purchased by a contractor for the purpose of
32 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
33 furnishing or remodeling facilities for any nonprofit zoo which would be
34 exempt from taxation under the provisions of this section if purchased
35 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
36 this subsection shall be deemed to exempt the purchase of any construction
37 machinery, equipment or tools used in the constructing, equipping,
38 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
39 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
40 the purpose of constructing, equipping, reconstructing, maintaining,
41 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
42 from the state and furnish to the contractor an exemption certificate for the
43 project involved, and the contractor may purchase materials for

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

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

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

39 (aaa) all sales of tangible personal property and services purchased by
40 a religious organization which is exempt from federal income taxation
41 pursuant to section 501(c)(3) of the federal internal revenue code, and used
42 exclusively for religious purposes, and all sales of tangible personal
43 property or services purchased by a contractor for the purpose of

1 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
2 furnishing or remodeling facilities for any such organization which would
3 be exempt from taxation under the provisions of this section if purchased
4 directly by such organization. Nothing in this subsection shall be deemed
5 to exempt the purchase of any construction machinery, equipment or tools
6 used in the constructing, equipping, reconstructing, maintaining, repairing,
7 enlarging, furnishing or remodeling facilities for any such organization.
8 When any such organization shall contract for the purpose of constructing,
9 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
10 remodeling facilities, it shall obtain from the state and furnish to the
11 contractor an exemption certificate for the project involved, and the
12 contractor may purchase materials for incorporation in such project. The
13 contractor shall furnish the number of such certificate to all suppliers from
14 whom such purchases are made, and such suppliers shall execute invoices
15 covering the same bearing the number of such certificate. Upon
16 completion of the project the contractor shall furnish to such organization
17 concerned a sworn statement, on a form to be provided by the director of
18 taxation, that all purchases so made were entitled to exemption under this
19 subsection. All invoices shall be held by the contractor for a period of five
20 years and shall be subject to audit by the director of taxation. If any
21 materials purchased under such a certificate are found not to have been
22 incorporated in the building or other project or not to have been returned
23 for credit or the sales or compensating tax otherwise imposed upon such
24 materials which will not be so incorporated in the building or other project
25 reported and paid by such contractor to the director of taxation not later
26 than the 20th day of the month following the close of the month in which it
27 shall be determined that such materials will not be used for the purpose for
28 which such certificate was issued, such organization concerned shall be
29 liable for tax on all materials purchased for the project, and upon payment
30 thereof it may recover the same from the contractor together with
31 reasonable attorney fees. Any contractor or any agent, employee or
32 subcontractor thereof, who shall use or otherwise dispose of any materials
33 purchased under such a certificate for any purpose other than that for
34 which such a certificate is issued without the payment of the sales or
35 compensating tax otherwise imposed upon such materials, shall be guilty
36 of a misdemeanor and, upon conviction therefor, shall be subject to the
37 penalties provided for in ~~subsection (g) of~~ K.S.A. 79-3615(h), and
38 amendments thereto. Sales tax paid on and after July 1, 1998, but prior to
39 the effective date of this act upon the gross receipts received from any sale
40 exempted by the amendatory provisions of this subsection shall be
41 refunded. Each claim for a sales tax refund shall be verified and submitted
42 to the director of taxation upon forms furnished by the director and shall
43 be accompanied by any additional documentation required by the director.

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

6 (bbb) all sales of food for human consumption by an organization
7 which is exempt from federal income taxation pursuant to section 501(c)
8 (3) of the federal internal revenue code of 1986, pursuant to a food
9 distribution program which offers such food at a price below cost in
10 exchange for the performance of community service by the purchaser
11 thereof;

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

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

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

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

33 (fff) all sales of material handling equipment, racking systems and
34 other related machinery and equipment that is used for the handling,
35 movement or storage of tangible personal property in a warehouse or
36 distribution facility in this state; all sales of installation, repair and
37 maintenance services performed on such machinery and equipment; and
38 all sales of repair and replacement parts for such machinery and
39 equipment. For purposes of this subsection, a warehouse or distribution
40 facility means a single, fixed location that consists of buildings or
41 structures in a contiguous area where storage or distribution operations are
42 conducted that are separate and apart from the business' retail operations,
43 if any, and which do not otherwise qualify for exemption as occurring at a

1 manufacturing or processing plant or facility. Material handling and
2 storage equipment shall include aeration, dust control, cleaning, handling
3 and other such equipment that is used in a public grain warehouse or other
4 commercial grain storage facility, whether used for grain handling, grain
5 storage, grain refining or processing, or other grain treatment operation;

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

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

14 (iii) all sales of personal property and services purchased by an
15 organization which is exempt from federal income taxation pursuant to
16 section 501(c)(3) of the federal internal revenue code of 1986, and which
17 such personal property and services are used by any such organization in
18 the collection, storage and distribution of food products to nonprofit
19 organizations which distribute such food products to persons pursuant to a
20 food distribution program on a charitable basis without fee or charge, and
21 all sales of tangible personal property or services purchased by a
22 contractor for the purpose of constructing, equipping, reconstructing,
23 maintaining, repairing, enlarging, furnishing or remodeling facilities used
24 for the collection and storage of such food products for any such
25 organization which is exempt from federal income taxation pursuant to
26 section 501(c)(3) of the federal internal revenue code of 1986, which
27 would be exempt from taxation under the provisions of this section if
28 purchased directly by such organization. Nothing in this subsection shall
29 be deemed to exempt the purchase of any construction machinery,
30 equipment or tools used in the constructing, equipping, reconstructing,
31 maintaining, repairing, enlarging, furnishing or remodeling facilities for
32 any such organization. When any such organization shall contract for the
33 purpose of constructing, equipping, reconstructing, maintaining, repairing,
34 enlarging, furnishing or remodeling facilities, it shall obtain from the state
35 and furnish to the contractor an exemption certificate for the project
36 involved, and the contractor may purchase materials for incorporation in
37 such project. The contractor shall furnish the number of such certificate to
38 all suppliers from whom such purchases are made, and such suppliers shall
39 execute invoices covering the same bearing the number of such certificate.
40 Upon completion of the project the contractor shall furnish to such
41 organization concerned a sworn statement, on a form to be provided by the
42 director of taxation, that all purchases so made were entitled to exemption
43 under this subsection. All invoices shall be held by the contractor for a

1 period of five years and shall be subject to audit by the director of taxation.
2 If any materials purchased under such a certificate are found not to have
3 been incorporated in such facilities or not to have been returned for credit
4 or the sales or compensating tax otherwise imposed upon such materials
5 which will not be so incorporated in such facilities reported and paid by
6 such contractor to the director of taxation not later than the 20th day of the
7 month following the close of the month in which it shall be determined
8 that such materials will not be used for the purpose for which such
9 certificate was issued, such organization concerned shall be liable for tax
10 on all materials purchased for the project, and upon payment thereof it
11 may recover the same from the contractor together with reasonable
12 attorney fees. Any contractor or any agent, employee or subcontractor
13 thereof, who shall use or otherwise dispose of any materials purchased
14 under such a certificate for any purpose other than that for which such a
15 certificate is issued without the payment of the sales or compensating tax
16 otherwise imposed upon such materials, shall be guilty of a misdemeanor
17 and, upon conviction therefor, shall be subject to the penalties provided for
18 in ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto. Sales tax
19 paid on and after July 1, 2005, but prior to the effective date of this act
20 upon the gross receipts received from any sale exempted by the
21 amendatory provisions of this subsection shall be refunded. Each claim for
22 a sales tax refund shall be verified and submitted to the director of taxation
23 upon forms furnished by the director and shall be accompanied by any
24 additional documentation required by the director. The director shall
25 review each claim and shall refund that amount of sales tax paid as
26 determined under the provisions of this subsection. All refunds shall be
27 paid from the sales tax refund fund upon warrants of the director of
28 accounts and reports pursuant to vouchers approved by the director or the
29 director's designee;

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

1 and as required pursuant to 21 C.F.R. § 101.36;

2 (lll) all sales of tangible personal property and services purchased by
3 special olympics Kansas, inc. for the purpose of providing year-round
4 sports training and athletic competition in a variety of olympic-type sports
5 for individuals with intellectual disabilities by giving them continuing
6 opportunities to develop physical fitness, demonstrate courage, experience
7 joy and participate in a sharing of gifts, skills and friendship with their
8 families, other special olympics athletes and the community, and activities
9 provided or sponsored by such organization, and all sales of tangible
10 personal property by or on behalf of any such organization;

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

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

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

26 (ppp) all sales of tangible personal property and services purchased
27 by or on behalf of a homeless shelter which is exempt from federal income
28 taxation pursuant to section 501(c)(3) of the federal income tax code of
29 1986, and used by any such homeless shelter to provide emergency and
30 transitional housing for individuals and families experiencing
31 homelessness, and all sales of any such property by or on behalf of any
32 such homeless shelter for any such purpose;

33 (qqq) all sales of tangible personal property and services purchased
34 by TLC for children and families, inc., hereinafter referred to as TLC,
35 which is exempt from federal income taxation pursuant to section 501(c)
36 (3) of the federal internal revenue code of 1986, and which such property
37 and services are used for the purpose of providing emergency shelter and
38 treatment for abused and neglected children as well as meeting additional
39 critical needs for children, juveniles and family, and all sales of any such
40 property by or on behalf of TLC for any such purpose; and all sales of
41 tangible personal property or services purchased by a contractor for the
42 purpose of constructing, maintaining, repairing, enlarging, furnishing or
43 remodeling facilities for the operation of services for TLC for any such

1 purpose which would be exempt from taxation under the provisions of this
2 section if purchased directly by TLC. Nothing in this subsection shall be
3 deemed to exempt the purchase of any construction machinery, equipment
4 or tools used in the constructing, maintaining, repairing, enlarging,
5 furnishing or remodeling such facilities for TLC. When TLC contracts for
6 the purpose of constructing, maintaining, repairing, enlarging, furnishing
7 or remodeling such facilities, it shall obtain from the state and furnish to
8 the contractor an exemption certificate for the project involved, and the
9 contractor may purchase materials for incorporation in such project. The
10 contractor shall furnish the number of such certificate to all suppliers from
11 whom such purchases are made, and such suppliers shall execute invoices
12 covering the same bearing the number of such certificate. Upon
13 completion of the project the contractor shall furnish to TLC a sworn
14 statement, on a form to be provided by the director of taxation, that all
15 purchases so made were entitled to exemption under this subsection. All
16 invoices shall be held by the contractor for a period of five years and shall
17 be 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 20th day of
23 the 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, TLC shall be liable for tax on all materials
26 purchased for the project, and upon payment thereof it may recover the
27 same from the contractor together with reasonable attorney fees. Any
28 contractor or any agent, employee or subcontractor thereof, who shall use
29 or otherwise dispose of any materials purchased under such a certificate
30 for any purpose other than that for which such a certificate is issued
31 without the payment of the sales or compensating tax otherwise imposed
32 upon such materials, shall be guilty of a misdemeanor and, upon
33 conviction therefor, shall be subject to the penalties provided for in
34 subsection (g) of K.S.A. 79-3615(h), and amendments thereto;

35 (rrr) all sales of tangible personal property and services purchased by
36 any county law library maintained pursuant to law and sales of tangible
37 personal property and services purchased by an organization which would
38 have been exempt from taxation under the provisions of this subsection if
39 purchased directly by the county law library for the purpose of providing
40 legal resources to attorneys, judges, students and the general public, and
41 all sales of any such property by or on behalf of any such county law
42 library;

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

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

1 compensating tax otherwise imposed upon such materials, shall be guilty
2 of a misdemeanor and, upon conviction therefor, shall be subject to the
3 penalties provided for in ~~subsection (g)~~ of K.S.A. 79-3615(h), and
4 amendments thereto;

5 (ttt) all sales of tangible personal property or services purchased by a
6 contractor for a project for the purpose of restoring, constructing,
7 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
8 remodeling a home or facility owned by a nonprofit museum which has
9 been granted an exemption pursuant to subsection (qq), which such home
10 or facility is located in a city which has been designated as a qualified
11 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
12 amendments thereto, and which such project is related to the purposes of
13 K.S.A. 75-5071 et seq., and amendments thereto, and which would be
14 exempt from taxation under the provisions of this section if purchased
15 directly by such nonprofit museum. Nothing in this subsection shall be
16 deemed to exempt the purchase of any construction machinery, equipment
17 or tools used in the restoring, constructing, equipping, reconstructing,
18 maintaining, repairing, enlarging, furnishing or remodeling a home or
19 facility for any such nonprofit museum. When any such nonprofit museum
20 shall contract for the purpose of restoring, constructing, equipping,
21 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
22 a home or facility, it shall obtain from the state and furnish to the
23 contractor an exemption certificate for the project involved, and the
24 contractor may purchase materials for incorporation in such project. The
25 contractor shall furnish the number of such certificates to all suppliers
26 from whom such purchases are made, and such suppliers shall execute
27 invoices covering the same bearing the number of such certificate. Upon
28 completion of the project, the contractor shall furnish to such nonprofit
29 museum a sworn statement on a form to be provided by the director of
30 taxation that all purchases so made were entitled to exemption under this
31 subsection. All invoices shall be held by the contractor for a period of five
32 years and shall be subject to audit by the director of taxation. If any
33 materials purchased under such a certificate are found not to have been
34 incorporated in the building or other project or not to have been returned
35 for credit or the sales or compensating tax otherwise imposed upon such
36 materials which will not be so incorporated in a home or facility or other
37 project reported and paid by such contractor to the director of taxation not
38 later than the 20th day of the month following the close of the month in
39 which it shall be determined that such materials will not be used for the
40 purpose for which such certificate was issued, such nonprofit museum
41 shall be liable for tax on all materials purchased for the project, and upon
42 payment thereof it may recover the same from the contractor together with
43 reasonable attorney fees. Any contractor or any agent, employee or

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

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

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

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

18 (www) all sales of tangible personal property purchased by or on
19 behalf of the Frontenac education foundation, which is exempt from
20 federal income taxation pursuant to section 501(c)(3) of the federal
21 internal revenue code, for the purpose of providing education support for
22 students, and all sales of any such property by or on behalf of such
23 organization for such purpose;

24 (xxx) all sales of personal property and services purchased by the
25 booth theatre foundation, inc., an organization which is exempt from
26 federal income taxation pursuant to section 501(c)(3) of the federal
27 internal revenue code of 1986, and which such personal property and
28 services are used by any such organization in the constructing, equipping,
29 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
30 of the booth theatre, and all sales of tangible personal property or services
31 purchased by a contractor for the purpose of constructing, equipping,
32 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
33 the booth theatre for such organization, which would be exempt from
34 taxation under the provisions of this section if purchased directly by such
35 organization. Nothing in this subsection shall be deemed to exempt the
36 purchase of any construction machinery, equipment or tools used in the
37 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
38 furnishing or remodeling facilities for any such organization. When any
39 such organization shall contract for the purpose of constructing, equipping,
40 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
41 facilities, it shall obtain from the state and furnish to the contractor an
42 exemption certificate for the project involved, and the contractor may
43 purchase materials for incorporation in such project. The contractor shall

1 furnish the number of such certificate to all suppliers from whom such
2 purchases are made, and such suppliers shall execute invoices covering the
3 same bearing the number of such certificate. Upon completion of the
4 project the contractor shall furnish to such organization concerned a sworn
5 statement, on a form to be provided by the director of taxation, that all
6 purchases so made were entitled to exemption under this subsection. All
7 invoices shall be held by the contractor for a period of five years and shall
8 be subject to audit by the director of taxation. If any materials purchased
9 under such a certificate are found not to have been incorporated in such
10 facilities or not to have been returned for credit or the sales or
11 compensating tax otherwise imposed upon such materials which will not
12 be so incorporated in such facilities reported and paid by such contractor
13 to the director of taxation not later than the 20th day of the month following
14 the close of the month in which it shall be determined that such materials
15 will not be used for the purpose for which such certificate was issued, such
16 organization concerned shall be liable for tax on all materials purchased
17 for the project, and upon payment thereof it may recover the same from
18 the contractor together with reasonable attorney fees. Any contractor or
19 any 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. Sales tax paid on and after January 1,
26 2007, but prior to the effective date of this act upon the gross receipts
27 received from any sale which would have been exempted by the provisions
28 of this subsection had such sale occurred after the effective date of this act
29 shall be refunded. Each claim for a sales tax refund shall be verified and
30 submitted to the director of taxation upon forms furnished by the director
31 and shall be accompanied by any additional documentation required by the
32 director. The director shall review each claim and shall refund that amount
33 of sales tax paid as determined under the provisions of this subsection. All
34 refunds shall be paid from the sales tax refund fund upon warrants of the
35 director of accounts and reports pursuant to vouchers approved by the
36 director or the director's designee;

37 (yyy) all sales of tangible personal property and services purchased
38 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
39 which is exempt from federal income taxation pursuant to section 501(c)
40 (3) of the federal internal revenue code of 1986, and which such property
41 and services are used for the purpose of encouraging private philanthropy
42 to further the vision, values, and goals of TLC for children and families,
43 inc.; and all sales of such property and services by or on behalf of TLC

1 charities for any such purpose and all sales of tangible personal property or
2 services purchased by a contractor for the purpose of constructing,
3 maintaining, repairing, enlarging, furnishing or remodeling facilities for
4 the operation of services for TLC charities for any such purpose which
5 would be exempt from taxation under the provisions of this section if
6 purchased directly by TLC charities. Nothing in this subsection shall be
7 deemed to exempt the purchase of any construction machinery, equipment
8 or tools used in the constructing, maintaining, repairing, enlarging,
9 furnishing or remodeling such facilities for TLC charities. When TLC
10 charities contracts for the purpose of constructing, maintaining, repairing,
11 enlarging, furnishing or remodeling such facilities, it shall obtain from the
12 state and furnish to the contractor an exemption certificate for the project
13 involved, and the contractor may purchase materials for incorporation in
14 such project. The contractor shall furnish the number of such certificate to
15 all suppliers from whom such purchases are made, and such suppliers shall
16 execute invoices covering the same bearing the number of such certificate.
17 Upon completion of the project the contractor shall furnish to TLC
18 charities 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 incorporated into the building or other project
26 reported and paid by such contractor to the director of taxation not later
27 than the 20th 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, TLC charities shall be liable for tax on
30 all materials purchased for the project, and upon payment thereof it may
31 recover the same from the contractor together with reasonable attorney
32 fees. Any contractor or any agent, employee or subcontractor thereof, who
33 shall use or otherwise dispose of any materials purchased under such a
34 certificate for any purpose other than that for which such a certificate is
35 issued without the payment of the sales or compensating tax otherwise
36 imposed upon such materials, shall be guilty of a misdemeanor and, upon
37 conviction therefor, shall be subject to the penalties provided for in
38 ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

21 (dddd) all sales of tangible personal property or services purchased
22 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
23 of which are exempt from federal income taxation pursuant to section
24 501(c)(3) of the federal internal revenue code, for the purpose of providing
25 education, training and employment opportunities for people with
26 disabilities and other barriers to employment;

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

34 (ffff) all sales of tangible personal property and services purchased by
35 sheltered living, inc., which is exempt from federal income taxation
36 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
37 and which such property and services are used for the purpose of
38 providing residential and day services for people with developmental
39 disabilities or intellectual disability, or both, and all sales of any such
40 property by or on behalf of sheltered living, inc., for any such purpose; and
41 all sales of tangible personal property or services purchased by a
42 contractor for the purpose of rehabilitating, constructing, maintaining,
43 repairing, enlarging, furnishing or remodeling homes and facilities for

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

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

39 (hhhh) all sales of tangible personal property or services purchased
40 on or after July 1, 2014, for the purpose of and in conjunction with
41 constructing, reconstructing, enlarging or remodeling a business identified
42 under the North American industry classification system (NAICS)
43 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and

1 installation of machinery and equipment purchased for installation at any
2 such business. The exemption provided in this subsection shall not apply
3 to projects that have actual total costs less than \$50,000. When a person
4 contracts for the construction, reconstruction, enlargement or remodeling
5 of any such business, such person shall obtain from the state and furnish to
6 the contractor an exemption certificate for the project involved, and the
7 contractor may purchase materials, machinery and equipment for
8 incorporation in such project. The contractor shall furnish the number of
9 such certificates to all suppliers from whom such purchases are made, and
10 such suppliers shall execute invoices covering the same bearing the
11 number of such certificate. Upon completion of the project, the contractor
12 shall furnish to the owner of the business a sworn statement, on a form to
13 be provided by the director of taxation, that all purchases so made were
14 entitled to exemption under this subsection. All invoices shall be held by
15 the contractor for a period of five years and shall be subject to audit by the
16 director of taxation. Any contractor or any agent, employee or
17 subcontractor of the contractor, who shall use or otherwise dispose of any
18 materials, machinery or equipment purchased under such a certificate for
19 any purpose other than that for which such a certificate is issued without
20 the payment of the sales or compensating tax otherwise imposed thereon,
21 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
22 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
23 3615(h), and amendments thereto;

24 (iii) all sales of tangible personal property or services purchased by a
25 contractor for the purpose of constructing, maintaining, repairing,
26 enlarging, furnishing or remodeling facilities for the operation of services
27 for Wichita children's home for any such purpose which would be exempt
28 from taxation under the provisions of this section if purchased directly by
29 Wichita children's home. Nothing in this subsection shall be deemed to
30 exempt the purchase of any construction machinery, equipment or tools
31 used in the constructing, maintaining, repairing, enlarging, furnishing or
32 remodeling such facilities for Wichita children's home. When Wichita
33 children's home contracts for the purpose of constructing, maintaining,
34 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
35 from the state and furnish to the contractor an exemption certificate for the
36 project involved, and the contractor may purchase materials for
37 incorporation in such project. The contractor shall furnish the number of
38 such certificate to all suppliers from whom such purchases are made, and
39 such suppliers shall execute invoices covering the same bearing the
40 number of such certificate. Upon completion of the project, the contractor
41 shall furnish to Wichita children's home a sworn statement, on a form to be
42 provided by the director of taxation, that all purchases so made were
43 entitled to exemption under this subsection. All invoices shall be held by

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

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

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

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

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