

HOUSE BILL No. 2285

By Representative Capps

2-13

1 AN ACT concerning legal tender; relating to the Kansas legal tender act;
2 reaffirmation of gold and silver coin as legal tender; exempting specie
3 from Kansas sales taxation; income taxation subtraction modification
4 for gains from the sale of specie; amending K.S.A. 2018 Supp. 79-
5 32,117 and 79-3606 and repealing the existing sections.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 New Section 1. Sections 1 through 6, and amendments thereto, shall
9 be known and may be cited as the Kansas legal tender act.

10 New Sec. 2. As used in the Kansas legal tender act:

11 (a) "Legal tender" means a recognized medium of exchange for the
12 payment of debts and taxes;

13 (b) "Specie" means: (1) Coin having gold or silver content; or (2)
14 refined gold or silver bullion that is coined, stamped or imprinted with its
15 weight and purity and valued primarily based on its metal content and not
16 its form.

17 New Sec. 3. Specie legal tender in Kansas consists of:

18 (a) Specie coin issued by the United States government at any time;
19 or

20 (b) any other specie that a court of competent jurisdiction, by final
21 and unappealable order, rules to be within state authority to make or
22 designate as legal tender.

23 New Sec. 4. (a) No specie or legal tender shall be characterized as
24 personal property for taxation or regulatory purposes.

25 (b) The exchange of one type or form of legal tender for another type
26 or form of legal tender shall not give rise to any tax liability of any kind.

27 (c) The purchase, sale or exchange of any type or form of specie shall
28 not give rise to any tax liability of any kind,

29 New Sec. 5. Unless expressly provided by statute or by contract, no
30 person shall have the right to compel any other person to tender specie or
31 to accept specie as tender.

32 New Sec. 6. (a) The attorney general shall enforce this act without
33 prejudice to any private right of action.

34 (b) Kansas courts shall require specific performance as a remedy for
35 breach of any contract designating a type or form of specie as tender.

36 Sec. 7. K.S.A. 2018 Supp. 79-32,117 is hereby amended to read as

1 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
2 means such individual's federal adjusted gross income for the taxable year,
3 with the modifications specified in this section.

4 (b) There shall be added to federal adjusted gross income:

5 (i) Interest income less any related expenses directly incurred in the
6 purchase of state or political subdivision obligations, to the extent that the
7 same is not included in federal adjusted gross income, on obligations of
8 any state or political subdivision thereof, but to the extent that interest
9 income on obligations of this state or a political subdivision thereof issued
10 prior to January 1, 1988, is specifically exempt from income tax under the
11 laws of this state authorizing the issuance of such obligations, it shall be
12 excluded from computation of Kansas adjusted gross income whether or
13 not included in federal adjusted gross income. Interest income on
14 obligations of this state or a political subdivision thereof issued after
15 December 31, 1987, shall be excluded from computation of Kansas
16 adjusted gross income whether or not included in federal adjusted gross
17 income.

18 (ii) Taxes on or measured by income or fees or payments in lieu of
19 income taxes imposed by this state or any other taxing jurisdiction to the
20 extent deductible in determining federal adjusted gross income and not
21 credited against federal income tax. This paragraph shall not apply to taxes
22 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and
23 amendments thereto, for privilege tax year 1995, and all such years
24 thereafter.

25 (iii) The federal net operating loss deduction, except that the federal
26 net operating loss deduction shall not be added to an individual's federal
27 adjusted gross income for tax years beginning after December 31, 2016.

28 (iv) Federal income tax refunds received by the taxpayer if the
29 deduction of the taxes being refunded resulted in a tax benefit for Kansas
30 income tax purposes during a prior taxable year. Such refunds shall be
31 included in income in the year actually received regardless of the method
32 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
33 be deemed to have resulted if the amount of the tax had been deducted in
34 determining income subject to a Kansas income tax for a prior year
35 regardless of the rate of taxation applied in such prior year to the Kansas
36 taxable income, but only that portion of the refund shall be included as
37 bears the same proportion to the total refund received as the federal taxes
38 deducted in the year to which such refund is attributable bears to the total
39 federal income taxes paid for such year. For purposes of the foregoing
40 sentence, federal taxes shall be considered to have been deducted only to
41 the extent such deduction does not reduce Kansas taxable income below
42 zero.

43 (v) The amount of any depreciation deduction or business expense

1 deduction claimed on the taxpayer's federal income tax return for any
2 capital expenditure in making any building or facility accessible to the
3 handicapped, for which expenditure the taxpayer claimed the credit
4 allowed by K.S.A. 79-32,177, and amendments thereto.

5 (vi) Any amount of designated employee contributions picked up by
6 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
7 and amendments thereto.

8 (vii) The amount of any charitable contribution made to the extent the
9 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
10 32,196, and amendments thereto.

11 (viii) The amount of any costs incurred for improvements to a swine
12 facility, claimed for deduction in determining federal adjusted gross
13 income, to the extent the same is claimed as the basis for any credit
14 allowed pursuant to K.S.A. 2018 Supp. 79-32,204, and amendments
15 thereto.

16 (ix) The amount of any ad valorem taxes and assessments paid and
17 the amount of any costs incurred for habitat management or construction
18 and maintenance of improvements on real property, claimed for deduction
19 in determining federal adjusted gross income, to the extent the same is
20 claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
21 and amendments thereto.

22 (x) Amounts received as nonqualified withdrawals, as defined by
23 K.S.A. 2018 Supp. 75-643, and amendments thereto, if, at the time of
24 contribution to a family postsecondary education savings account, such
25 amounts were subtracted from the federal adjusted gross income pursuant
26 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
27 are not already included in the federal adjusted gross income.

28 (xi) The amount of any contribution made to the same extent the
29 same is claimed as the basis for the credit allowed pursuant to K.S.A. 74-
30 50,154, and amendments thereto.

31 (xii) For taxable years commencing after December 31, 2004,
32 amounts received as withdrawals not in accordance with the provisions of
33 K.S.A. 74-50,204, and amendments thereto, if, at the time of contribution
34 to an individual development account, such amounts were subtracted from
35 the federal adjusted gross income pursuant to subsection (c)(xiii), or if
36 such amounts are not already included in the federal adjusted gross
37 income.

38 (xiii) The amount of any expenditures claimed for deduction in
39 determining federal adjusted gross income, to the extent the same is
40 claimed as the basis for any credit allowed pursuant to K.S.A. 2018 Supp.
41 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

42 (xiv) The amount of any amortization deduction claimed in
43 determining federal adjusted gross income to the extent the same is

1 claimed for deduction pursuant to K.S.A. 2018 Supp. 79-32,221, and
2 amendments thereto.

3 (xv) The amount of any expenditures claimed for deduction in
4 determining federal adjusted gross income, to the extent the same is
5 claimed as the basis for any credit allowed pursuant to K.S.A. 2018 Supp.
6 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
7 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
8 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

9 (xvi) The amount of any amortization deduction claimed in
10 determining federal adjusted gross income to the extent the same is
11 claimed for deduction pursuant to K.S.A. 2018 Supp. 79-32,227, 79-
12 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
13 thereto.

14 (xvii) The amount of any amortization deduction claimed in
15 determining federal adjusted gross income to the extent the same is
16 claimed for deduction pursuant to K.S.A. 2018 Supp. 79-32,256, and
17 amendments thereto.

18 (xviii) For taxable years commencing after December 31, 2006, the
19 amount of any ad valorem or property taxes and assessments paid to a state
20 other than Kansas or local government located in a state other than Kansas
21 by a taxpayer who resides in a state other than Kansas, when the law of
22 such state does not allow a resident of Kansas who earns income in such
23 other state to claim a deduction for ad valorem or property taxes or
24 assessments paid to a political subdivision of the state of Kansas in
25 determining taxable income for income tax purposes in such other state, to
26 the extent that such taxes and assessments are claimed as an itemized
27 deduction for federal income tax purposes.

28 (xix) For taxable years beginning after December 31, 2012, and
29 ending before January 1, 2017, the amount of any: (1) Loss from business
30 as determined under the federal internal revenue code and reported from
31 schedule C and on line 12 of the taxpayer's form 1040 federal individual
32 income tax return; (2) loss from rental real estate, royalties, partnerships, S
33 corporations, except those with wholly owned subsidiaries subject to the
34 Kansas privilege tax, estates, trusts, residual interest in real estate
35 mortgage investment conduits and net farm rental as determined under the
36 federal internal revenue code and reported from schedule E and on line 17
37 of the taxpayer's form 1040 federal individual income tax return; and (3)
38 farm loss as determined under the federal internal revenue code and
39 reported from schedule F and on line 18 of the taxpayer's form 1040
40 federal income tax return; all to the extent deducted or subtracted in
41 determining the taxpayer's federal adjusted gross income. For purposes of
42 this subsection, references to the federal form 1040 and federal schedule
43 C, schedule E, and schedule F, shall be to such form and schedules as they

1 existed for tax year 2011, and as revised thereafter by the internal revenue
2 service.

3 (xx) For taxable years beginning after December 31, 2012, and
4 ending before January 1, 2017, the amount of any deduction for self-
5 employment taxes under section 164(f) of the federal internal revenue
6 code as in effect on January 1, 2012, and amendments thereto, in
7 determining the federal adjusted gross income of an individual taxpayer, to
8 the extent the deduction is attributable to income reported on schedule C,
9 E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income
10 tax return.

11 (xxi) For taxable years beginning after December 31, 2012, and
12 ending before January 1, 2017, the amount of any deduction for pension,
13 profit sharing, and annuity plans of self-employed individuals under
14 section 62(a)(6) of the federal internal revenue code as in effect on January
15 1, 2012, and amendments thereto, in determining the federal adjusted gross
16 income of an individual taxpayer.

17 (xxii) For taxable years beginning after December 31, 2012, and
18 ending before January 1, 2017, the amount of any deduction for health
19 insurance under section 162(l) of the federal internal revenue code as in
20 effect on January 1, 2012, and amendments thereto, in determining the
21 federal adjusted gross income of an individual taxpayer.

22 (xxiii) For taxable years beginning after December 31, 2012, and
23 ending before January 1, 2017, the amount of any deduction for domestic
24 production activities under section 199 of the federal internal revenue code
25 as in effect on January 1, 2012, and amendments thereto, in determining
26 the federal adjusted gross income of an individual taxpayer.

27 (xxiv) For taxable years commencing after December 31, 2013, that
28 portion of the amount of any expenditure deduction claimed in
29 determining federal adjusted gross income for expenses paid for medical
30 care of the taxpayer or the taxpayer's spouse or dependents when such
31 expenses were paid or incurred for an abortion, or for a health benefit plan,
32 as defined in K.S.A. 65-6731, and amendments thereto, for the purchase of
33 an optional rider for coverage of abortion in accordance with K.S.A. 2018
34 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and
35 assessments are claimed as an itemized deduction for federal income tax
36 purposes.

37 (xxv) For taxable years commencing after December 31, 2013, that
38 portion of the amount of any expenditure deduction claimed in
39 determining federal adjusted gross income for expenses paid by a taxpayer
40 for health care when such expenses were paid or incurred for abortion
41 coverage, a health benefit plan, as defined in K.S.A. 65-6731, and
42 amendments thereto, when such expenses were paid or incurred for
43 abortion coverage or amounts contributed to health savings accounts for

1 such taxpayer's employees for the purchase of an optional rider for
 2 coverage of abortion in accordance with K.S.A. 2018 Supp. 40-2,190, and
 3 amendments thereto, to the extent that such taxes and assessments are
 4 claimed as a deduction for federal income tax purposes.

5 (xxvi) For all taxable years beginning after December 31, 2016, the
 6 amount of any charitable contribution made to the extent the same is
 7 claimed as the basis for the credit allowed pursuant to K.S.A. 72-99a07,
 8 and amendments thereto, and is also claimed as an itemized deduction for
 9 federal income tax purposes.

10 (c) There shall be subtracted from federal adjusted gross income:

11 (i) Interest or dividend income on obligations or securities of any
 12 authority, commission or instrumentality of the United States and its
 13 possessions less any related expenses directly incurred in the purchase of
 14 such obligations or securities, to the extent included in federal adjusted
 15 gross income but exempt from state income taxes under the laws of the
 16 United States.

17 (ii) Any amounts received which are included in federal adjusted
 18 gross income but which are specifically exempt from Kansas income
 19 taxation under the laws of the state of Kansas.

20 (iii) The portion of any gain or loss from the sale or other disposition
 21 of property having a higher adjusted basis for Kansas income tax purposes
 22 than for federal income tax purposes on the date such property was sold or
 23 disposed of in a transaction in which gain or loss was recognized for
 24 purposes of federal income tax that does not exceed such difference in
 25 basis, but if a gain is considered a long-term capital gain for federal
 26 income tax purposes, the modification shall be limited to that portion of
 27 such gain which is included in federal adjusted gross income.

28 (iv) The amount necessary to prevent the taxation under this act of
 29 any annuity or other amount of income or gain which was properly
 30 included in income or gain and was taxed under the laws of this state for a
 31 taxable year prior to the effective date of this act, as amended, to the
 32 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
 33 the right to receive the income or gain, or to a trust or estate from which
 34 the taxpayer received the income or gain.

35 (v) The amount of any refund or credit for overpayment of taxes on
 36 or measured by income or fees or payments in lieu of income taxes
 37 imposed by this state, or any taxing jurisdiction, to the extent included in
 38 gross income for federal income tax purposes.

39 (vi) Accumulation distributions received by a taxpayer as a
 40 beneficiary of a trust to the extent that the same are included in federal
 41 adjusted gross income.

42 (vii) Amounts received as annuities under the federal civil service
 43 retirement system from the civil service retirement and disability fund and

1 other amounts received as retirement benefits in whatever form which
2 were earned for being employed by the federal government or for service
3 in the armed forces of the United States.

4 (viii) Amounts received by retired railroad employees as a
5 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
6 228c (a)(1) et seq.

7 (ix) Amounts received by retired employees of a city and by retired
8 employees of any board of such city as retirement allowances pursuant to
9 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
10 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
11 amendments thereto.

12 (x) For taxable years beginning after December 31, 1976, the amount
13 of the federal tentative jobs tax credit disallowance under the provisions of
14 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
15 amount of the targeted jobs tax credit and work incentive credit
16 disallowances under 26 U.S.C. § 280 C.

17 (xi) For taxable years beginning after December 31, 1986, dividend
18 income on stock issued by Kansas venture capital, inc.

19 (xii) For taxable years beginning after December 31, 1989, amounts
20 received by retired employees of a board of public utilities as pension and
21 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249,
22 and amendments thereto.

23 (xiii) For taxable years beginning after December 31, 2004, amounts
24 contributed to and the amount of income earned on contributions deposited
25 to an individual development account under K.S.A. 74-50,201 et seq., and
26 amendments thereto.

27 (xiv) For all taxable years commencing after December 31, 1996, that
28 portion of any income of a bank organized under the laws of this state or
29 any other state, a national banking association organized under the laws of
30 the United States, an association organized under the savings and loan
31 code of this state or any other state, or a federal savings association
32 organized under the laws of the United States, for which an election as an
33 S corporation under subchapter S of the federal internal revenue code is in
34 effect, which accrues to the taxpayer who is a stockholder of such
35 corporation and which is not distributed to the stockholders as dividends of
36 the corporation. For taxable years beginning after December 31, 2012, and
37 ending before January 1, 2017, the amount of modification under this
38 subsection shall exclude the portion of income or loss reported on schedule
39 E and included on line 17 of the taxpayer's form 1040 federal individual
40 income tax return.

41 (xv) For all taxable years beginning after December 31, 2006,
42 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
43 joint return, for each designated beneficiary which are contributed to a

1 family postsecondary education savings account established under the
2 Kansas postsecondary education savings program or a qualified tuition
3 program established and maintained by another state or agency or
4 instrumentality thereof pursuant to section 529 of the internal revenue
5 code of 1986, as amended, for the purpose of paying the qualified higher
6 education expenses of a designated beneficiary at an institution of
7 postsecondary education. The terms and phrases used in this paragraph
8 shall have the meaning respectively ascribed thereto by the provisions of
9 K.S.A. 2018 Supp. 75-643, and amendments thereto, and the provisions of
10 such section are hereby incorporated by reference for all purposes thereof.

11 (xvi) For all taxable years beginning after December 31, 2004,
12 amounts received by taxpayers who are or were members of the armed
13 forces of the United States, including service in the Kansas army and air
14 national guard, as a recruitment, sign up or retention bonus received by
15 such taxpayer as an incentive to join, enlist or remain in the armed services
16 of the United States, including service in the Kansas army and air national
17 guard, and amounts received for repayment of educational or student loans
18 incurred by or obligated to such taxpayer and received by such taxpayer as
19 a result of such taxpayer's service in the armed forces of the United States,
20 including service in the Kansas army and air national guard.

21 (xvii) For all taxable years beginning after December 31, 2004,
22 amounts received by taxpayers who are eligible members of the Kansas
23 army and air national guard as a reimbursement pursuant to K.S.A. 48-
24 281, and amendments thereto, and amounts received for death benefits
25 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
26 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
27 amendments thereto, to the extent that such death benefits are included in
28 federal adjusted gross income of the taxpayer.

29 (xviii) For the taxable year beginning after December 31, 2006,
30 amounts received as benefits under the federal social security act which
31 are included in federal adjusted gross income of a taxpayer with federal
32 adjusted gross income of \$50,000 or less, whether such taxpayer's filing
33 status is single, head of household, married filing separate or married filing
34 jointly; and for all taxable years beginning after December 31, 2007,
35 amounts received as benefits under the federal social security act which
36 are included in federal adjusted gross income of a taxpayer with federal
37 adjusted gross income of \$75,000 or less, whether such taxpayer's filing
38 status is single, head of household, married filing separate or married filing
39 jointly.

40 (xix) Amounts received by retired employees of Washburn university
41 as retirement and pension benefits under the university's retirement plan.

42 (xx) For taxable years beginning after December 31, 2012, and
43 ending before January 1, 2017, the amount of any: (1) Net profit from

1 business as determined under the federal internal revenue code and
2 reported from schedule C and on line 12 of the taxpayer's form 1040
3 federal individual income tax return; (2) net income, not including
4 guaranteed payments as defined in section 707(c) of the federal internal
5 revenue code and as reported to the taxpayer from federal schedule K-1,
6 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
7 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
8 partnerships, S corporations, estates, trusts, residual interest in real estate
9 mortgage investment conduits and net farm rental as determined under the
10 federal internal revenue code and reported from schedule E and on line 17
11 of the taxpayer's form 1040 federal individual income tax return; and (3)
12 net farm profit as determined under the federal internal revenue code and
13 reported from schedule F and on line 18 of the taxpayer's form 1040
14 federal income tax return; all to the extent included in the taxpayer's
15 federal adjusted gross income. For purposes of this subsection, references
16 to the federal form 1040 and federal schedule C, schedule E, and schedule
17 F, shall be to such form and schedules as they existed for tax year 2011
18 and as revised thereafter by the internal revenue service.

19 (xxi) For all taxable years beginning after December 31, 2013,
20 amounts equal to the unreimbursed travel, lodging and medical
21 expenditures directly incurred by a taxpayer while living, or a dependent
22 of the taxpayer while living, for the donation of one or more human organs
23 of the taxpayer, or a dependent of the taxpayer, to another person for
24 human organ transplantation. The expenses may be claimed as a
25 subtraction modification provided for in this section to the extent the
26 expenses are not already subtracted from the taxpayer's federal adjusted
27 gross income. In no circumstances shall the subtraction modification
28 provided for in this section for any individual, or a dependent, exceed
29 \$5,000. As used in this section, "human organ" means all or part of a liver,
30 pancreas, kidney, intestine, lung or bone marrow. The provisions of this
31 paragraph shall take effect on the day the secretary of revenue certifies to
32 the director of the budget that the cost for the department of revenue of
33 modifications to the automated tax system for the purpose of
34 implementing this paragraph will not exceed \$20,000.

35 (xxii) For taxable years beginning after December 31, 2012, and
36 ending before January 1, 2017, the amount of net gain from the sale of: (1)
37 Cattle and horses, regardless of age, held by the taxpayer for draft,
38 breeding, dairy or sporting purposes, and held by such taxpayer for 24
39 months or more from the date of acquisition; and (2) other livestock,
40 regardless of age, held by the taxpayer for draft, breeding, dairy or
41 sporting purposes, and held by such taxpayer for 12 months or more from
42 the date of acquisition. The subtraction from federal adjusted gross income
43 shall be limited to the amount of the additions recognized under the

1 provisions of subsection (b)(xix) attributable to the business in which the
2 livestock sold had been used. As used in this paragraph, the term
3 "livestock" shall not include poultry.

4 (xxiii) For all taxable years beginning after December 31, 2012,
5 amounts received under either the Overland Park, Kansas police
6 department retirement plan or the Overland Park, Kansas fire department
7 retirement plan, both as established by the city of Overland Park, pursuant
8 to the city's home rule authority.

9 (xxiv) For taxable years beginning after December 31, 2013, and
10 ending before January 1, 2017, the net gain from the sale from Christmas
11 trees grown in Kansas and held by the taxpayer for six years or more.

12 (xxv) *For all taxable years beginning after December 31, 2018, the*
13 *amount of any net gain from the sale of specie, as defined in section 2, and*
14 *amendments thereto.*

15 (d) There shall be added to or subtracted from federal adjusted gross
16 income the taxpayer's share, as beneficiary of an estate or trust, of the
17 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
18 amendments thereto.

19 (e) The amount of modifications required to be made under this
20 section by a partner which relates to items of income, gain, loss, deduction
21 or credit of a partnership shall be determined under K.S.A. 79-32,131, and
22 amendments thereto, to the extent that such items affect federal adjusted
23 gross income of the partner.

24 (f) No taxpayer shall be assessed penalties and interest from the
25 underpayment of taxes due to changes to this section that became law on
26 July 1, 2017, so long as such underpayment is rectified on or before April
27 17, 2018.

28 Sec. 8. K.S.A. 2018 Supp. 79-3606 is hereby amended to read as
29 follows: 79-3606. The following shall be exempt from the tax imposed by
30 this act:

31 (a) All sales of motor-vehicle fuel or other articles upon which a sales
32 or excise tax has been paid, not subject to refund, under the laws of this
33 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
34 3301, and amendments thereto, including consumable material for such
35 electronic cigarettes, cereal malt beverages and malt products as defined
36 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
37 malt syrup and malt extract, that is not subject to taxation under the
38 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
39 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
40 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
41 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
42 thereto, and gross receipts from regulated sports contests taxed pursuant to
43 the Kansas professional regulated sports act, and amendments thereto;

1 (b) all sales of tangible personal property or service, including the
2 renting and leasing of tangible personal property, purchased directly by the
3 state of Kansas, a political subdivision thereof, other than a school or
4 educational institution, or purchased by a public or private nonprofit
5 hospital or public hospital authority or nonprofit blood, tissue or organ
6 bank and used exclusively for state, political subdivision, hospital or
7 public hospital authority or nonprofit blood, tissue or organ bank purposes,
8 except when: (1) Such state, hospital or public hospital authority is
9 engaged or proposes to engage in any business specifically taxable under
10 the provisions of this act and such items of tangible personal property or
11 service are used or proposed to be used in such business; or (2) such
12 political subdivision is engaged or proposes to engage in the business of
13 furnishing gas, electricity or heat to others and such items of personal
14 property or service are used or proposed to be used in such business;

15 (c) all sales of tangible personal property or services, including the
16 renting and leasing of tangible personal property, purchased directly by a
17 public or private elementary or secondary school or public or private
18 nonprofit educational institution and used primarily by such school or
19 institution for nonsectarian programs and activities provided or sponsored
20 by such school or institution or in the erection, repair or enlargement of
21 buildings to be used for such purposes. The exemption herein provided
22 shall not apply to erection, construction, repair, enlargement or equipment
23 of buildings used primarily for human habitation;

24 (d) all sales of tangible personal property or services purchased by a
25 contractor for the purpose of constructing, equipping, reconstructing,
26 maintaining, repairing, enlarging, furnishing or remodeling facilities for
27 any public or private nonprofit hospital or public hospital authority, public
28 or private elementary or secondary school, a public or private nonprofit
29 educational institution, state correctional institution including a privately
30 constructed correctional institution contracted for state use and ownership,
31 that would be exempt from taxation under the provisions of this act if
32 purchased directly by such hospital or public hospital authority, school,
33 educational institution or a state correctional institution; and all sales of
34 tangible personal property or services purchased by a contractor for the
35 purpose of constructing, equipping, reconstructing, maintaining, repairing,
36 enlarging, furnishing or remodeling facilities for any political subdivision
37 of the state or district described in subsection (s), the total cost of which is
38 paid from funds of such political subdivision or district and that would be
39 exempt from taxation under the provisions of this act if purchased directly
40 by such political subdivision or district. Nothing in this subsection or in
41 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
42 deemed to exempt the purchase of any construction machinery, equipment
43 or tools used in the constructing, equipping, reconstructing, maintaining,

1 repairing, enlarging, furnishing or remodeling facilities for any political
2 subdivision of the state or any such district. As used in this subsection,
3 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
4 political subdivision" shall mean general tax revenues, the proceeds of any
5 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
6 purpose of constructing, equipping, reconstructing, repairing, enlarging,
7 furnishing or remodeling facilities that are to be leased to the donor. When
8 any political subdivision of the state, district described in subsection (s),
9 public or private nonprofit hospital or public hospital authority, public or
10 private elementary or secondary school, public or private nonprofit
11 educational institution, state correctional institution including a privately
12 constructed correctional institution contracted for state use and ownership
13 shall contract for the purpose of constructing, equipping, reconstructing,
14 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
15 shall obtain from the state and furnish to the contractor an exemption
16 certificate for the project involved, and the contractor may purchase
17 materials for incorporation in such project. The contractor shall furnish the
18 number of such certificate to all suppliers from whom such purchases are
19 made, and such suppliers shall execute invoices covering the same bearing
20 the number of such certificate. Upon completion of the project the
21 contractor shall furnish to the political subdivision, district described in
22 subsection (s), hospital or public hospital authority, school, educational
23 institution or department of corrections concerned a sworn statement, on a
24 form to be provided by the director of taxation, that all purchases so made
25 were entitled to exemption under this subsection. As an alternative to the
26 foregoing procedure, any such contracting entity may apply to the
27 secretary of revenue for agent status for the sole purpose of issuing and
28 furnishing project exemption certificates to contractors pursuant to rules
29 and regulations adopted by the secretary establishing conditions and
30 standards for the granting and maintaining of such status. All invoices
31 shall be held by the contractor for a period of five years and shall be
32 subject to audit by the director of taxation. If any materials purchased
33 under such a certificate are found not to have been incorporated in the
34 building or other project or not to have been returned for credit or the sales
35 or compensating tax otherwise imposed upon such materials that will not
36 be so incorporated in the building or other project reported and paid by
37 such contractor to the director of taxation not later than the 20th day of the
38 month following the close of the month in which it shall be determined
39 that such materials will not be used for the purpose for which such
40 certificate was issued, the political subdivision, district described in
41 subsection (s), hospital or public hospital authority, school, educational
42 institution or the contractor contracting with the department of corrections
43 for a correctional institution concerned shall be liable for tax on all

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

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

41 (f) tangible personal property purchased by a railroad or public utility
42 for consumption or movement directly and immediately in interstate
43 commerce;

1 (g) sales of aircraft including remanufactured and modified aircraft
2 sold to persons using directly or through an authorized agent such aircraft
3 as certified or licensed carriers of persons or property in interstate or
4 foreign commerce under authority of the laws of the United States or any
5 foreign government or sold to any foreign government or agency or
6 instrumentality of such foreign government and all sales of aircraft for use
7 outside of the United States and sales of aircraft repair, modification and
8 replacement parts and sales of services employed in the remanufacture,
9 modification and repair of aircraft;

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

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

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

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

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

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

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

1 exemption certificate number for tangible personal property for
2 consumption in such production, manufacture, processing, mining,
3 drilling, refining, compounding, treating, irrigation and in providing such
4 services;

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

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

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

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

1 replacement, corrective or supportive device including repair and
2 replacement parts for same worn on or in the body to artificially replace a
3 missing portion of the body, prevent or correct physical deformity or
4 malfunction or support a weak or deformed portion of the body;

5 (s) except as provided in K.S.A. 2018 Supp. 82a-2101, and
6 amendments thereto, all sales of tangible personal property or services
7 purchased directly or indirectly by a groundwater management district
8 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
9 amendments thereto, by a rural water district organized or operating under
10 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
11 supply district organized or operating under the authority of K.S.A. 19-
12 3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which
13 property or services are used in the construction activities, operation or
14 maintenance of the district;

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

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

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

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

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

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

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

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

41 (bb) all sales of used mobile homes or manufactured homes. As used
42 in this subsection: (1) "Mobile homes" and "manufactured homes" mean
43 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)

1 "sales of used mobile homes or manufactured homes" means sales other
2 than the original retail sale thereof;

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

1 are found to qualify will be issued a project exemption certificate that will
2 be effective for a two-year period or for the term of the project, whichever
3 occurs earlier;

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

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

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

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

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

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

35 (jj) all sales of tangible personal property or services, including the
36 renting and leasing of tangible personal property, purchased directly on
37 behalf of a community-based facility for people with intellectual disability
38 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
39 amendments thereto, and licensed in accordance with the provisions of
40 K.S.A. 2018 Supp. 39-2001 et seq., and amendments thereto, and all sales
41 of tangible personal property or services purchased by contractors during
42 the time period from July, 2003, through June, 2006, for the purpose of
43 constructing, equipping, maintaining or furnishing a new facility for a

1 community-based facility for people with intellectual disability or mental
2 health center located in Riverton, Cherokee County, Kansas, that would
3 have been eligible for sales tax exemption pursuant to this subsection if
4 purchased directly by such facility or center. This exemption shall not
5 apply to tangible personal property customarily used for human habitation
6 purposes;

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

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

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

14 (2) For purposes of this subsection:

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

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

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

39 (D) "manufacturing or processing business" means a business that
40 utilizes an integrated production operation to manufacture, process,
41 fabricate, finish or assemble items for wholesale and retail distribution as
42 part of what is commonly regarded by the general public as an industrial
43 manufacturing or processing operation or an agricultural commodity

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

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

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

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

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

43 (B) to transport, convey, handle or store the property undergoing

1 manufacturing or processing at any point from the beginning of the
2 production line through any warehousing or distribution operation of the
3 final product that occurs at the plant or facility;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 (E) furniture and other furnishings;

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

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

1 (H) machinery and equipment used for general plant heating, cooling
2 and lighting;

3 (I) motor vehicles that are registered for operation on public
4 highways; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 incidence of disability and death due to lung disease;

2 (6) the Kansas chapters of the Alzheimer's disease and related
3 disorders association, inc. for the purpose of providing assistance and
4 support to persons in Kansas with Alzheimer's disease, and their families
5 and caregivers;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (aaa) all sales of tangible personal property and services purchased by
42 a religious organization that is exempt from federal income taxation
43 pursuant to section 501(c)(3) of the federal internal revenue code, and used

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

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

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

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

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

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

1 years and shall be subject to audit by the director of taxation. If any
2 materials purchased under such a certificate are found not to have been
3 incorporated in such facilities or not to have been returned for credit or the
4 sales or compensating tax otherwise imposed upon such materials that will
5 not be so incorporated in such facilities reported and paid by such
6 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 K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
19 July 1, 2005, but prior to the effective date of this act upon the gross
20 receipts received from any sale exempted by the amendatory provisions of
21 this subsection shall be refunded. Each claim for a sales tax refund shall be
22 verified and submitted to the director of taxation upon forms furnished by
23 the director and shall be accompanied by any additional documentation
24 required by the director. The director shall review each claim and shall
25 refund that amount of sales tax paid as determined under the provisions of
26 this subsection. All refunds shall be paid from the sales tax refund fund
27 upon warrants of the director of accounts and reports pursuant to vouchers
28 approved by the director or the director's designee;

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

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

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

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

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

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

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

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

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

42 (sss) all sales of tangible personal property and services purchased by
43 catholic charities or youthville, hereinafter referred to as charitable family

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

1 of a misdemeanor and, upon conviction therefor, shall be subject to the
2 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

41 (aaaa) all sales of personal property and services purchased by or on
42 behalf of victory in the valley, inc., which is exempt from federal income
43 taxation pursuant to section 501(c)(3) of the federal internal revenue code,

1 for the purpose of providing a cancer support group and services for
2 persons with cancer, and all sales of any such property by or on behalf of
3 any such organization for any such purpose;

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

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

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

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

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

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

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

36 (hhhh) all sales of tangible personal property or services purchased
37 on or after July 1, 2014, for the purpose of and in conjunction with
38 constructing, reconstructing, enlarging or remodeling a business identified
39 under the North American industry classification system (NAICS)
40 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
41 installation of machinery and equipment purchased for installation at any
42 such business. The exemption provided in this subsection shall not apply
43 to projects that have actual total costs less than \$50,000. When a person

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

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

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

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

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

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

1 contractor shall furnish the number of such certificate to all suppliers from
2 whom such purchases are made, and such suppliers shall execute invoices
3 covering the same bearing the number of such certificate. Upon
4 completion of the project, the contractor shall furnish to such organization
5 concerned a sworn statement, on a form to be provided by the director of
6 taxation, that all purchases so made were entitled to exemption under this
7 subsection. All invoices shall be held by the contractor for a period of five
8 years and shall be subject to audit by the director of taxation. If any
9 materials purchased under such a certificate are found not to have been
10 incorporated in such facilities or not to have been returned for credit or the
11 sales or compensating tax otherwise imposed upon such materials that will
12 not be so incorporated in such facilities reported and paid by such
13 contractor to the director of taxation no later than the 20th day of the month
14 following the close of the month in which it shall be determined that such
15 materials will not be used for the purpose for which such certificate was
16 issued, such organization concerned shall be liable for tax on all materials
17 purchased for the project, and upon payment thereof it may recover the
18 same from the contractor together with reasonable attorney fees. Any
19 contractor or any agent, employee or subcontractor thereof, who purchased
20 under such a certificate for any purpose other than that for which such a
21 certificate is issued without the payment of the sales or compensating tax
22 otherwise imposed upon such materials, shall be guilty of a misdemeanor
23 and, upon conviction therefor, shall be subject to the penalties provided for
24 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
25 subsection shall expire and have no effect on and after July 1, 2019; and
26 *(mmmm) all sales of specie, as defined in section 2, and amendments*
27 *thereto.*
28 Sec. 9. K.S.A. 2018 Supp. 79-32,117 and 79-3606 are hereby
29 repealed.
30 Sec. 10. This act shall take effect and be in force from and after its
31 publication in the statute book.