

**HOUSE BILL No. 2422**

By Committee on Taxation

5-2

1 AN ACT concerning sales taxation; relating to exemptions, the make-a-  
2 wish foundation of Kansas; amending K.S.A. 2016 Supp. 79-3606 and  
3 repealing the existing section.  
4

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

6 Section 1. K.S.A. 2016 Supp. 79-3606 is hereby amended to read as  
7 follows: 79-3606. The following shall be exempt from the tax imposed by  
8 this act:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (s) except as provided in K.S.A. 2016 Supp. 82a-2101, and  
34 amendments thereto, all sales of tangible personal property or services  
35 purchased directly or indirectly by a groundwater management district  
36 organized or operating under the authority of K.S.A. 82a-1020 et seq., and  
37 amendments thereto, by a rural water district organized or operating under  
38 the authority of K.S.A. 82a-612, and amendments thereto, or by a water  
39 supply district organized or operating under the authority of K.S.A. 19-  
40 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which  
41 property or services are used in the construction activities, operation or  
42 maintenance of the district;

43 (t) all sales of farm machinery and equipment or aquaculture

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

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

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

42 (w) all sales of natural gas, electricity, heat and water delivered  
43 through mains, lines or pipes: (1) To residential premises for

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

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

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

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

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

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

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



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

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

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

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

42 (gg) all sales of tangible personal property purchased in accordance  
43 with vouchers issued pursuant to the federal special supplemental food

1 program for women, infants and children;

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

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

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

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

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

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

43 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (4) The following machinery, equipment and materials shall be  
24 deemed to be exempt even though it may not otherwise qualify as  
25 machinery and equipment used as an integral or essential part of an  
26 integrated production operation: (A) Computers and related peripheral  
27 equipment that are utilized by a manufacturing or processing business for  
28 engineering of the finished product or for research and development or  
29 product design; (B) machinery and equipment that is utilized by a  
30 manufacturing or processing business to manufacture or rebuild tangible  
31 personal property that is used in manufacturing or processing operations,  
32 including tools, dies, molds, forms and other parts of qualifying machinery  
33 and equipment; (C) portable plants for aggregate concrete, bulk cement  
34 and asphalt including cement mixing drums to be attached to a motor  
35 vehicle; (D) industrial fixtures, devices, support facilities and special  
36 foundations necessary for manufacturing and production operations, and  
37 materials and other tangible personal property sold for the purpose of  
38 fabricating such fixtures, devices, facilities and foundations. An exemption  
39 certificate for such purchases shall be signed by the manufacturer or  
40 processor. If the fabricator purchases such material, the fabricator shall  
41 also sign the exemption certificate; (E) a manufacturing or processing  
42 business' laboratory equipment that is not located at the plant or facility,  
43 but that would otherwise qualify for exemption under subsection (3)(E);

1 (F) all machinery and equipment used in surface mining activities as  
2 described in K.S.A. 49-601 et seq., and amendments thereto, beginning  
3 from the time a reclamation plan is filed to the acceptance of the  
4 completed final site reclamation.

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

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

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

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

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

23 (E) furniture and other furnishings;

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

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

30 (H) machinery and equipment used for general plant heating, cooling  
31 and lighting;

32 (I) motor vehicles that are registered for operation on public  
33 highways; or

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

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

1 exemption.

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

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

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

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

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

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

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

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

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

41 (tt) all sales of tangible personal property and services purchased by  
42 or on behalf of a not-for-profit corporation which is exempt from federal  
43 income taxation pursuant to section 501(c)(3) of the federal internal

1 revenue code of 1986, for the sole purpose of constructing a Kansas  
2 Korean War memorial;

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

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

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

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

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

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

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

31 (6) the Kansas chapters of the Alzheimer's disease and related  
32 disorders association, inc. for the purpose of providing assistance and  
33 support to persons in Kansas with Alzheimer's disease, and their families  
34 and caregivers;

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

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

41 (9) the heartstrings community foundation for the purpose of  
42 providing training, employment and activities for adults with  
43 developmental disabilities;



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

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

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

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

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

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

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

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

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

34 (19) the international association of lions clubs for the purpose of  
35 creating and fostering a spirit of understanding among all people for  
36 humanitarian needs by providing voluntary services through community  
37 involvement and international cooperation;

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

42 (21) the American cancer society, inc., for the purpose of eliminating  
43 cancer as a major health problem by preventing cancer, saving lives and

1 diminishing suffering from cancer, through research, education, advocacy  
2 and service;

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

5 (23) the angel babies association, for the purpose of providing  
6 assistance, support and items of necessity to teenage mothers and their  
7 babies; ~~and~~

8 (24) the Kansas fairgrounds foundation for the purpose of the  
9 preservation, renovation and beautification of the Kansas state  
10 fairgrounds; *and*

11 *(25) the make-a-wish foundation of Kansas for the purpose of*  
12 *granting the wishes of children diagnosed with a life threatening medical*  
13 *condition;*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (ggg) all sales of tangible personal property and services purchased  
41 by or on behalf of the Kansas academy of science which is exempt from  
42 federal income taxation pursuant to section 501(c)(3) of the federal  
43 internal revenue code of 1986, and used solely by such academy for the

1 preparation, publication and dissemination of education materials;

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

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

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

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

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



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

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

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

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

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

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

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

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

37 (ttt) all sales of tangible personal property or services purchased by a  
38 contractor for a project for the purpose of restoring, constructing,  
39 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
40 remodeling a home or facility owned by a nonprofit museum which has  
41 been granted an exemption pursuant to subsection (qq), which such home  
42 or facility is located in a city which has been designated as a qualified  
43 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and

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

39 (uuu) all sales of tangible personal property and services purchased  
40 by Kansas children's service league, hereinafter referred to as KCSL,  
41 which is exempt from federal income taxation pursuant to section 501(c)  
42 (3) of the federal internal revenue code of 1986, and which such property  
43 and services are used for the purpose of providing for the prevention and

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

41 (vvv) all sales of tangible personal property or services, including the  
42 renting and leasing of tangible personal property or services, purchased by  
43 jazz in the woods, inc., a Kansas corporation which is exempt from federal

1 income taxation pursuant to section 501(c)(3) of the federal internal  
2 revenue code, for the purpose of providing jazz in the woods, an event  
3 benefiting children-in-need and other nonprofit charities assisting such  
4 children, and all sales of any such property by or on behalf of such  
5 organization for such purpose;

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

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

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

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

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

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

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

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

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



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

9 (dddd) all sales of tangible personal property or services purchased  
10 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
11 of which are exempt from federal income taxation pursuant to section  
12 501(c)(3) of the federal internal revenue code, for the purpose of providing  
13 education, training and employment opportunities for people with  
14 disabilities and other barriers to employment;

15 (eeee) all sales of tangible personal property or services purchased by  
16 or on behalf of all American beef battalion, inc., 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 educating, promoting and  
19 participating as a contact group through the beef cattle industry in order to  
20 carry out such projects that provide support and morale to members of the  
21 United States armed forces and military services;

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

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

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

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

1 be provided by the director of taxation, that all purchases so made were  
2 entitled to exemption under this subsection. All invoices shall be held by  
3 the contractor for a period of five years and shall be subject to audit by the  
4 director of taxation. Any contractor or any agent, employee or  
5 subcontractor of the contractor, who shall use or otherwise dispose of any  
6 materials, machinery or equipment purchased under such a certificate for  
7 any purpose other than that for which such a certificate is issued without  
8 the payment of the sales or compensating tax otherwise imposed thereon,  
9 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
10 subject to the penalties provided for in K.S.A. 79-3615(h), and  
11 amendments thereto;

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

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

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

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

19 (llll) all sales of tangible personal property and services purchased by  
20 Gove county healthcare endowment foundation, inc., which is exempt  
21 from federal income taxation pursuant to section 501(c)(3) of the federal  
22 internal revenue code of 1986, and which such property and services are  
23 used for the purpose of constructing and equipping an airport in Quinter,  
24 Kansas, and all sales of tangible personal property or services purchased  
25 by a contractor for the purpose of constructing and equipping an airport in  
26 Quinter, Kansas, for such organization, which would be exempt from  
27 taxation under the provisions of this section if purchased directly by such  
28 organization. Nothing in this subsection shall be deemed to exempt the  
29 purchase of any construction machinery, equipment or tools used in the  
30 constructing or equipping of facilities for such organization. When such  
31 organization shall contract for the purpose of constructing or equipping an  
32 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
33 contractor an exemption certificate for the project involved, and the  
34 contractor may purchase materials for incorporation in such project. The  
35 contractor shall furnish the number of such certificate to all suppliers from  
36 whom such purchases are made, and such suppliers shall execute invoices  
37 covering the same bearing the number of such certificate. Upon  
38 completion of the project, the contractor shall furnish to such organization  
39 concerned a sworn statement, on a form to be provided by the director of  
40 taxation, that all purchases so made were entitled to exemption under this  
41 subsection. All invoices shall be held by the contractor for a period of five  
42 years and shall be subject to audit by the director of taxation. If any  
43 materials purchased under such a certificate are found not to have been

1 incorporated in such facilities or not to have been returned for credit or the  
2 sales or compensating tax otherwise imposed upon such materials which  
3 will not be so incorporated in such facilities reported and paid by such  
4 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
5 following the close of the month in which it shall be determined that such  
6 materials will not be used for the purpose for which such certificate was  
7 issued, such organization concerned shall be liable for tax on all materials  
8 purchased for the project, and upon payment thereof it may recover the  
9 same from the contractor together with reasonable attorney fees. Any  
10 contractor or any agent, employee or subcontractor thereof, who purchased  
11 under such a certificate for any purpose other than that for which such a  
12 certificate is issued without the payment of the sales or compensating tax  
13 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
14 and, upon conviction therefor, shall be subject to the penalties provided for  
15 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
16 subsection shall expire and have no effect on and after July 1, 2019.

17       Sec. 2. K.S.A. 2016 Supp. 79-3606 is hereby repealed.

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