

SENATE BILL No. 252

By Committee on Assessment and Taxation

2-14

1 AN ACT concerning taxation; relating to property tax and sales tax
2 exemptions; providing a property tax exemption for certain business
3 property operated in competition with property owned or operated by a
4 government entity; providing a sales tax exemption for certain
5 businesses competing against governmental entities; amending K.S.A.
6 2022 Supp. 79-3606 and repealing the existing section.
7

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

9 New Section 1. (a) The following described property, to the extent
10 herein specified, shall be and is hereby exempt from all property or ad
11 valorem taxes levied under the laws of the state of Kansas: For all taxable
12 years commencing after December 31, 2023, all real property owned and
13 operated by a business in the state of Kansas that is used by the business
14 for ambulance service, child care center, entertainment, exercise, health
15 club, recreation or restaurant purposes and is located within a county
16 where there is at least one facility owned or operated by a governmental
17 entity that competes against the business and such competing facility
18 owned or operated by a governmental entity is exempt from property or ad
19 valorem taxes levied under any laws of the state of Kansas.

20 (b) For purposes of this section:

21 (1) "Competes against the business" means offering the same or
22 substantially the same goods or services to the public and receiving any
23 payment for those goods or services. "Competes against the business" does
24 not include providing such goods or services without receiving payment
25 for those goods or services or providing such goods or services only to its
26 own employees or students.

27 (2) "Facility owned or operated by a governmental entity" means:

28 (A) Any facility owned or operated by the state of Kansas or any
29 county, city, township, school district, community college, municipal
30 university, public university or any other taxing district or political
31 subdivision of the state that is supported with tax funds; or

32 (B) any other facility that receives any funds from property or ad
33 valorem taxes levied by a taxing subdivision.

34 (3) "Real property owned and operated by a business" means any real
35 property where the owner of the real property is a business enterprise that
36 operates the business and collects the payment of a fee entitling the buyer

1 to use the facility or sells goods or services to the buyer and such owner of
2 the real property and operator of the business enterprise are the same
3 business entity, a parent or subsidiary of the same business entity or have
4 any direct or indirect common ownership.

5 Sec. 2. K.S.A. 2022 Supp. 79-3606 is hereby amended to read as
6 follows: 79-3606. The following shall be exempt from the tax imposed by
7 this act:

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

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

37 (c) all sales of tangible personal property or services, including the
38 renting and leasing of tangible personal property, purchased directly by a
39 public or private elementary or secondary school or public or private
40 nonprofit educational institution and used primarily by such school or
41 institution for nonsectarian programs and activities provided or sponsored
42 by such school or institution or in the erection, repair or enlargement of
43 buildings to be used for such purposes. The exemption herein provided

1 shall not apply to erection, construction, repair, enlargement or equipment
2 of buildings used primarily for human habitation, except that such
3 exemption shall apply to the erection, construction, repair, enlargement or
4 equipment of buildings used for human habitation by the cerebral palsy
5 research foundation of Kansas located in Wichita, Kansas, and multi
6 community diversified services, incorporated, located in McPherson,
7 Kansas;

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

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

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

1 any building or other project, it shall obtain from the state and furnish to
2 the contractor an exemption certificate for the project involved, and the
3 contractor may purchase materials for incorporation in such project. The
4 contractor shall furnish the number of such certificates to all suppliers
5 from whom such purchases are made, and such suppliers shall execute
6 invoices covering the same bearing the number of such certificate. Upon
7 completion of the project the contractor shall furnish to the government of
8 the United States, its agencies or instrumentalities concerned a sworn
9 statement, on a form to be provided by the director of taxation, that all
10 purchases so made were entitled to exemption under this subsection. As an
11 alternative to the foregoing procedure, any such contracting entity may
12 apply to the secretary of revenue for agent status for the sole purpose of
13 issuing and furnishing project exemption certificates to contractors
14 pursuant to rules and regulations adopted by the secretary establishing
15 conditions and standards for the granting and maintaining of such status.
16 All invoices shall be held by the contractor for a period of five years and
17 shall be subject to audit by the director of taxation. 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 (f) tangible personal property purchased by a railroad or public utility
26 for consumption or movement directly and immediately in interstate
27 commerce;

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

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

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

41 (j) meals served without charge or food used in the preparation of
42 such meals to employees of any restaurant, eating house, dining car, hotel,
43 drugstore or other place where meals or drinks are regularly sold to the

1 public if such employees' duties are related to the furnishing or sale of
2 such meals or drinks;

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

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

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

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

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

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

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

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

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

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

42 (t) all sales of farm machinery and equipment or aquaculture
43 machinery and equipment, repair and replacement parts therefor and

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

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

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

41 (w) all sales of natural gas, electricity, heat and water delivered
42 through mains, lines or pipes: (1) To residential premises for
43 noncommercial use by the occupant of such premises; (2) for agricultural

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

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

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

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

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

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

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

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

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

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

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

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

43 (hh) all sales of medical supplies and equipment, including durable

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

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

19 (jj) all sales of tangible personal property or services, including the
20 renting and leasing of tangible personal property, purchased directly on
21 behalf of a community-based facility for people with intellectual disability
22 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
23 amendments thereto, and licensed in accordance with the provisions of
24 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
25 personal property or services purchased by contractors during the time
26 period from July, 2003, through June, 2006, for the purpose of
27 constructing, equipping, maintaining or furnishing a new facility for a
28 community-based facility for people with intellectual disability or mental
29 health center located in Riverton, Cherokee County, Kansas, that would
30 have been eligible for sales tax exemption pursuant to this subsection if
31 purchased directly by such facility or center. This exemption shall not
32 apply to tangible personal property customarily used for human habitation
33 purposes;

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

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

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

41 (2) For purposes of this subsection:

42 (A) "Integrated production operation" means an integrated series of
43 operations engaged in at a manufacturing or processing plant or facility to

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

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

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

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

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

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

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

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

25 (A) Receive, transport, convey, handle, treat or store raw materials in
26 preparation of its placement on the production line;

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

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

33 (D) guide, control or direct the movement of property undergoing
34 manufacturing or processing;

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

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

42 (G) produce energy for, lubricate, control the operating of or
43 otherwise enable the functioning of other production machinery and

1 equipment and the continuation of production operations;

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

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

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

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

17 (L) treat, transport or store waste or other byproducts of production
18 operations at the plant or facility; or

19 (M) control pollution at the plant or facility where the pollution is
20 produced by the manufacturing or processing operation.

21 (4) The following machinery, equipment and materials shall be
22 deemed to be exempt even though it may not otherwise qualify as
23 machinery and equipment used as an integral or essential part of an
24 integrated production operation: (A) Computers and related peripheral
25 equipment that are utilized by a manufacturing or processing business for
26 engineering of the finished product or for research and development or
27 product design; (B) machinery and equipment that is utilized by a
28 manufacturing or processing business to manufacture or rebuild tangible
29 personal property that is used in manufacturing or processing operations,
30 including tools, dies, molds, forms and other parts of qualifying machinery
31 and equipment; (C) portable plants for aggregate concrete, bulk cement
32 and asphalt including cement mixing drums to be attached to a motor
33 vehicle; (D) industrial fixtures, devices, support facilities and special
34 foundations necessary for manufacturing and production operations, and
35 materials and other tangible personal property sold for the purpose of
36 fabricating such fixtures, devices, facilities and foundations. An exemption
37 certificate for such purchases shall be signed by the manufacturer or
38 processor. If the fabricator purchases such material, the fabricator shall
39 also sign the exemption certificate; (E) a manufacturing or processing
40 business' laboratory equipment that is not located at the plant or facility,
41 but that would otherwise qualify for exemption under subsection (3)(E);
42 (F) all machinery and equipment used in surface mining activities as
43 described in K.S.A. 49-601 et seq., and amendments thereto, beginning

1 from the time a reclamation plan is filed to the acceptance of the
2 completed final site reclamation.

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

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

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

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

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

21 (E) furniture and other furnishings;

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

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

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

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

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

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

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

1 necessary to administer the provisions of this subsection;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (10) the cystic fibrosis foundation, heart of America chapter, for the
43 purposes of assuring the development of the means to cure and control

- 1 cystic fibrosis and improving the quality of life for those with the disease;
- 2 (11) the spina bifida association of Kansas for the purpose of
3 providing financial, educational and practical aid to families and
4 individuals with spina bifida. Such aid includes, but is not limited to,
5 funding for medical devices, counseling and medical educational
6 opportunities;
- 7 (12) the CHWC, Inc., for the purpose of rebuilding urban core
8 neighborhoods through the construction of new homes, acquiring and
9 renovating existing homes and other related activities, and promoting
10 economic development in such neighborhoods;
- 11 (13) the cross-lines cooperative council for the purpose of providing
12 social services to low income individuals and families;
- 13 (14) the dreams work, inc., for the purpose of providing young adult
14 day services to individuals with developmental disabilities and assisting
15 families in avoiding institutional or nursing home care for a
16 developmentally disabled member of their family;
- 17 (15) the KSDS, Inc., for the purpose of promoting the independence
18 and inclusion of people with disabilities as fully participating and
19 contributing members of their communities and society through the
20 training and providing of guide and service dogs to people with
21 disabilities, and providing disability education and awareness to the
22 general public;
- 23 (16) the lyme association of greater Kansas City, Inc., for the purpose
24 of providing support to persons with lyme disease and public education
25 relating to the prevention, treatment and cure of lyme disease;
- 26 (17) the dream factory, inc., for the purpose of granting the dreams of
27 children with critical and chronic illnesses;
- 28 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
29 students and families with education and resources necessary to enable
30 each child to develop fine character and musical ability to the fullest
31 potential;
- 32 (19) the international association of lions clubs for the purpose of
33 creating and fostering a spirit of understanding among all people for
34 humanitarian needs by providing voluntary services through community
35 involvement and international cooperation;
- 36 (20) the Johnson county young matrons, inc., for the purpose of
37 promoting a positive future for members of the community through
38 volunteerism, financial support and education through the efforts of an all
39 volunteer organization;
- 40 (21) the American cancer society, inc., for the purpose of eliminating
41 cancer as a major health problem by preventing cancer, saving lives and
42 diminishing suffering from cancer, through research, education, advocacy
43 and service;

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

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

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

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

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

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

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

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

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

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

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

40 (ccc) on and after July 1, 1999, all sales of tangible personal property
41 and services purchased by a primary care clinic or health center the
42 primary purpose of which is to provide services to medically underserved
43 individuals and families, and that is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code, and all
2 sales of tangible personal property or services purchased by a contractor
3 for the purpose of constructing, equipping, reconstructing, maintaining,
4 repairing, enlarging, furnishing or remodeling facilities for any such clinic
5 or center that would be exempt from taxation under the provisions of this
6 section if purchased directly by such clinic or center, except that for
7 taxable years commencing after December 31, 2013, this subsection shall
8 not apply to any sales of such tangible personal property and services
9 purchased by a primary care clinic or health center which performs any
10 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing
11 in this subsection shall be deemed to exempt the purchase of any
12 construction machinery, equipment or tools used in the constructing,
13 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
14 remodeling facilities for any such clinic or center. When any such clinic or
15 center shall contract for the purpose of constructing, equipping,
16 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
17 facilities, it shall obtain from the state and furnish to the contractor an
18 exemption certificate for the project involved, and the contractor may
19 purchase materials for incorporation in such project. The contractor shall
20 furnish the number of such certificate to all suppliers from whom such
21 purchases are made, and such suppliers shall execute invoices covering the
22 same bearing the number of such certificate. Upon completion of the
23 project the contractor shall furnish to such clinic or center concerned a
24 sworn statement, on a form to be provided by the director of taxation, that
25 all purchases so made were entitled to exemption under this subsection.
26 All invoices shall be held by the contractor for a period of five years and
27 shall be subject to audit by the director of taxation. If any materials
28 purchased under such a certificate are found not to have been incorporated
29 in the building or other project or not to have been returned for credit or
30 the sales or compensating tax otherwise imposed upon such materials that
31 will not be so incorporated in the building or other project reported and
32 paid by such contractor to the director of taxation not later than the 20th
33 day of the month following the close of the month in which it shall be
34 determined that such materials will not be used for the purpose for which
35 such certificate was issued, such clinic or center concerned shall be liable
36 for tax on all materials purchased for the project, and upon payment
37 thereof it may recover the same from the contractor together with
38 reasonable attorney fees. Any contractor or any agent, employee or
39 subcontractor thereof, who shall use or otherwise dispose of any materials
40 purchased under such a certificate for any purpose other than that for
41 which such a certificate is issued without the payment of the sales or
42 compensating tax otherwise imposed upon such materials, shall be guilty
43 of a misdemeanor and, upon conviction therefor, shall be subject to the

1 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;
2 (ddd) on and after January 1, 1999, and before January 1, 2000, all
3 sales of materials and services purchased by any class II or III railroad as
4 classified by the federal surface transportation board for the construction,
5 renovation, repair or replacement of class II or III railroad track and
6 facilities used directly in interstate commerce. In the event any such track
7 or facility for which materials and services were purchased sales tax
8 exempt is not operational for five years succeeding the allowance of such
9 exemption, the total amount of sales tax that would have been payable
10 except for the operation of this subsection shall be recouped in accordance
11 with rules and regulations adopted for such purpose by the secretary of
12 revenue;

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

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

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

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

41 (iii) all sales of personal property and services purchased by an
42 organization that is exempt from federal income taxation pursuant to
43 section 501(c)(3) of the federal internal revenue code of 1986, and such

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

1 and, upon conviction therefor, shall be subject to the penalties provided for
2 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
3 July 1, 2005, but prior to the effective date of this act upon the gross
4 receipts received from any sale exempted by the amendatory provisions of
5 this subsection shall be refunded. Each claim for a sales tax refund shall be
6 verified and submitted to the director of taxation upon forms furnished by
7 the director and shall be accompanied by any additional documentation
8 required by the director. The director shall review each claim and shall
9 refund that amount of sales tax paid as determined under the provisions of
10 this subsection. All refunds shall be paid from the sales tax refund fund
11 upon warrants of the director of accounts and reports pursuant to vouchers
12 approved by the director or the director's designee;

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

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

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

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

1 by the west Sedgwick county-sunrise rotary club and sunrise charitable
2 fund for the purpose of constructing a boundless playground which is an
3 integrated, barrier free and developmentally advantageous play
4 environment for children of all abilities and disabilities;

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

9 (ppp) all sales of tangible personal property and services purchased
10 by or on behalf of a homeless shelter that is exempt from federal income
11 taxation pursuant to section 501(c)(3) of the federal income tax code of
12 1986, and used by any such homeless shelter to provide emergency and
13 transitional housing for individuals and families experiencing
14 homelessness, and all sales of any such property by or on behalf of any
15 such homeless shelter for any such purpose;

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

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

18 (rrr) all sales of tangible personal property and services purchased by
19 any county law library maintained pursuant to law and sales of tangible
20 personal property and services purchased by an organization that would
21 have been exempt from taxation under the provisions of this subsection if
22 purchased directly by the county law library for the purpose of providing
23 legal resources to attorneys, judges, students and the general public, and
24 all sales of any such property by or on behalf of any such county law
25 library;

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

1 purpose of constructing, maintaining, repairing, enlarging, furnishing or
2 remodeling such 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 charitable family
9 providers 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 that 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 20th 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, charitable family providers 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 (ttt) all sales of tangible personal property or services purchased by a
31 contractor for a project for the purpose of restoring, constructing,
32 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
33 remodeling a home or facility owned by a nonprofit museum that has been
34 granted an exemption pursuant to subsection (qq), which such home or
35 facility is located in a city that has been designated as a qualified
36 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
37 amendments thereto, and which such project is related to the purposes of
38 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
39 exempt from taxation under the provisions of this section if purchased
40 directly by such nonprofit museum. Nothing in this subsection shall be
41 deemed to exempt the purchase of any construction machinery, equipment
42 or tools used in the restoring, constructing, equipping, reconstructing,
43 maintaining, repairing, enlarging, furnishing or remodeling a home or

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

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

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

34 (vvv) all sales of tangible personal property or services, including the
35 renting and leasing of tangible personal property or services, purchased by
36 jazz in the woods, inc., a Kansas corporation that is exempt from federal
37 income taxation pursuant to section 501(c)(3) of the federal internal
38 revenue code, for the purpose of providing jazz in the woods, an event
39 benefiting children-in-need and other nonprofit charities assisting such
40 children, and all sales of any such property by or on behalf of such
41 organization for such purpose;

42 (www) all sales of tangible personal property purchased by or on
43 behalf of the Frontenac education foundation, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code, for the purpose of providing education support for
3 students, and all sales of any such property by or on behalf of such
4 organization for such purpose;

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

1 dispose of any materials purchased under such a certificate for any purpose
2 other than that for which such a certificate is issued without the payment
3 of the sales or compensating tax otherwise imposed upon such materials,
4 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
5 subject to the penalties provided for in K.S.A. 79-3615(h), and
6 amendments thereto. Sales tax paid on and after January 1, 2007, but prior
7 to the effective date of this act upon the gross receipts received from any
8 sale which would have been exempted by the provisions of this subsection
9 had such sale occurred after the effective date of this act shall be refunded.
10 Each claim for a sales tax refund shall be verified and submitted to the
11 director of taxation upon forms furnished by the director and shall be
12 accompanied by any additional documentation required by the director.
13 The director shall review each claim and shall refund that amount of sales
14 tax paid as determined under the provisions of this subsection. All refunds
15 shall be paid from the sales tax refund fund upon warrants of the director
16 of accounts and reports pursuant to vouchers approved by the director or
17 the director's designee;

18 (yyy) all sales of tangible personal property and services purchased
19 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
20 which is exempt from federal income taxation pursuant to section 501(c)
21 (3) of the federal internal revenue code of 1986, and which such property
22 and services are used for the purpose of encouraging private philanthropy
23 to further the vision, values, and goals of TLC for children and families,
24 inc.; and all sales of such property and services by or on behalf of TLC
25 charities for any such purpose and all sales of tangible personal property or
26 services purchased by a contractor for the purpose of constructing,
27 maintaining, repairing, enlarging, furnishing or remodeling facilities for
28 the operation of services for TLC charities for any such purpose that would
29 be exempt from taxation under the provisions of this section if purchased
30 directly by TLC charities. Nothing in this subsection shall be deemed to
31 exempt the purchase of any construction machinery, equipment or tools
32 used in the constructing, maintaining, repairing, enlarging, furnishing or
33 remodeling such facilities for TLC charities. When TLC charities contracts
34 for the purpose of constructing, maintaining, repairing, enlarging,
35 furnishing or remodeling such facilities, it shall obtain from the state and
36 furnish to the contractor an exemption certificate for the project involved,
37 and the contractor may purchase materials for incorporation in such
38 project. The contractor shall furnish the number of such certificate to all
39 suppliers from whom such purchases are made, and such suppliers shall
40 execute invoices covering the same bearing the number of such certificate.
41 Upon completion of the project the contractor shall furnish to TLC
42 charities a sworn statement, on a form to be provided by the director of
43 taxation, that all purchases so made were entitled to exemption under this

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

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

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

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

36 (cccc) all sales of tangible personal property or services purchased by
37 or on behalf of wayside waifs, inc., which is exempt from federal income
38 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
39 for the purpose of providing such organization's annual fundraiser, an
40 event whose purpose is to support the care of homeless and abandoned
41 animals, animal adoption efforts, education programs for children and
42 efforts to reduce animal over-population and animal welfare services, and
43 all sales of any such property, including entry or participation fees or

1 charges, by or on behalf of such organization for such purpose;

2 (dddd) all sales of tangible personal property or services purchased
3 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
4 of which are exempt from federal income taxation pursuant to section
5 501(c)(3) of the federal internal revenue code, for the purpose of providing
6 education, training and employment opportunities for people with
7 disabilities and other barriers to employment;

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

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

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

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

20 (hhhh) all sales of tangible personal property or services purchased
21 on or after July 1, 2014, for the purpose of and in conjunction with
22 constructing, reconstructing, enlarging or remodeling a business identified
23 under the North American industry classification system (NAICS)
24 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
25 installation of machinery and equipment purchased for installation at any
26 such business. The exemption provided in this subsection shall not apply
27 to projects that have actual total costs less than \$50,000. When a person
28 contracts for the construction, reconstruction, enlargement or remodeling
29 of any such business, such person shall obtain from the state and furnish to
30 the contractor an exemption certificate for the project involved, and the
31 contractor may purchase materials, machinery and equipment for
32 incorporation in such project. The contractor shall furnish the number of
33 such certificates to all suppliers from whom such purchases are made, and
34 such suppliers shall execute invoices covering the same bearing the
35 number of such certificate. Upon completion of the project, the contractor
36 shall furnish to the owner of the business a sworn statement, on a form to
37 be provided by the director of taxation, that all purchases so made were
38 entitled to exemption under this subsection. All invoices shall be held by
39 the contractor for a period of five years and shall be subject to audit by the
40 director of taxation. Any contractor or any agent, employee or
41 subcontractor of the contractor, who shall use or otherwise dispose of any
42 materials, machinery or equipment purchased under such a certificate for
43 any purpose other than that for which such a certificate is issued without

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

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

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

1 or on behalf of the beacon, inc., that 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 those desiring help with food, shelter, clothing
4 and other necessities of life during times of special need;

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

12 (llll) all sales of tangible personal property and services purchased by
13 Gove county healthcare endowment foundation, inc., which is exempt
14 from federal income taxation pursuant to section 501(c)(3) of the federal
15 internal revenue code of 1986, and which such property and services are
16 used for the purpose of constructing and equipping an airport in Quinter,
17 Kansas, and all sales of tangible personal property or services purchased
18 by a contractor for the purpose of constructing and equipping an airport in
19 Quinter, Kansas, for such organization, that would be exempt from
20 taxation under the provisions of this section if purchased directly by such
21 organization. Nothing in this subsection shall be deemed to exempt the
22 purchase of any construction machinery, equipment or tools used in the
23 constructing or equipping of facilities for such organization. When such
24 organization shall contract for the purpose of constructing or equipping an
25 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
26 contractor an exemption certificate for the project involved, and the
27 contractor may purchase materials for incorporation in such project. The
28 contractor shall furnish the number of such certificate to all suppliers from
29 whom such purchases are made, and such suppliers shall execute invoices
30 covering the same bearing the number of such certificate. Upon
31 completion of the project, the contractor shall furnish to such organization
32 concerned a sworn statement, on a form to be provided by the director of
33 taxation, that all purchases so made were entitled to exemption under this
34 subsection. All invoices shall be held by the contractor for a period of five
35 years and shall be subject to audit by the director of taxation. If any
36 materials purchased under such a certificate are found not to have been
37 incorporated in such facilities or not to have been returned for credit or the
38 sales or compensating tax otherwise imposed upon such materials that will
39 not be so incorporated in such facilities reported and paid by such
40 contractor to the director of taxation no later than the 20th day of the month
41 following the close of the month in which it shall be determined that such
42 materials will not be used for the purpose for which such certificate was
43 issued, such organization concerned shall be liable for tax on all materials

1 purchased for the project, and upon payment thereof it may recover the
2 same from the contractor together with reasonable attorney fees. Any
3 contractor or any agent, employee or subcontractor thereof, who purchased
4 under such a certificate for any purpose other than that for which such a
5 certificate is issued without the payment of the sales or compensating tax
6 otherwise imposed upon such materials, shall be guilty of a misdemeanor
7 and, upon conviction therefor, shall be subject to the penalties provided for
8 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
9 subsection shall expire and have no effect on and after July 1, 2019;

10 (mmmm) all sales of gold or silver coins; and palladium, platinum,
11 gold or silver bullion. For the purposes of this subsection, "bullion" means
12 bars, ingots or commemorative medallions of gold, silver, platinum,
13 palladium, or a combination thereof, for which the value of the metal
14 depends on its content and not the form;

15 (nnnn) all sales of tangible personal property or services purchased
16 by friends of hospice of Jefferson county, an organization that is exempt
17 from federal income taxation pursuant to section 501(c)(3) of the federal
18 internal revenue code of 1986, for the purpose of providing support to the
19 Jefferson county hospice agency in end-of-life care of Jefferson county
20 families, friends and neighbors, and all sales of entry or participation fees,
21 charges or tickets by friends of hospice of Jefferson county for such
22 organization's fundraising event for such purpose; ~~and~~

23 (oooo) all sales of tangible personal property or services purchased
24 for the purpose of and in conjunction with constructing, reconstructing,
25 enlarging or remodeling a qualified business facility by a qualified firm or
26 qualified supplier that meets the requirements established in K.S.A. 2022
27 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
28 been approved for a project exemption certificate by the secretary of
29 commerce, and the sale and installation of machinery and equipment
30 purchased by such qualified firm or qualified supplier for installation at
31 any such qualified business facility. When a person shall contract for the
32 construction, reconstruction, enlargement or remodeling of any such
33 qualified business facility, such person shall obtain from the state and
34 furnish to the contractor an exemption certificate for the project involved,
35 and the contractor may purchase materials, machinery and equipment for
36 incorporation in such project. The contractor shall furnish the number of
37 such certificates 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 owner of the qualified firm or qualified supplier a
41 sworn statement, on a form to be provided by the director of taxation, that
42 all purchases so made were entitled to exemption under this subsection.
43 All invoices shall be held by the contractor for a period of five years and

1 shall be subject to audit by the director of taxation. Any contractor or any
2 agent, employee or subcontractor thereof who shall use or otherwise
3 dispose of any materials, machinery or equipment purchased under such a
4 certificate for any purpose other than that for which such a certificate is
5 issued without the payment of the sales or compensating tax otherwise
6 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
7 therefor, shall be subject to the penalties provided for in K.S.A. 79-
8 3615(h), and amendments thereto. As used in this subsection, "qualified
9 business facility," "qualified firm" and "qualified supplier" mean the same
10 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto; *and*
11 *(pppp) all sales of tangible personal property or services purchased*
12 *by a business that owns and operates real property in the state of Kansas*
13 *that is used by the business for ambulance service, child care center,*
14 *entertainment, exercise, health club, recreation or restaurant purposes and*
15 *is located within a county where there is at least one facility owned or*
16 *operated by a governmental entity that competes against the business and*
17 *such competing facility owned or operated by a governmental entity is*
18 *exempt from property or ad valorem taxes levied under any laws of the*
19 *state of Kansas and such property or services are used for ambulance*
20 *service, child care center, entertainment, exercise, health club, recreation*
21 *or restaurant purposes; and all sales of tangible personal property or*
22 *services by such business at or from such real property location for*
23 *ambulance service, child care center, entertainment, exercise, health club,*
24 *recreation or restaurant purposes. The business shall apply to and obtain*
25 *from the secretary of revenue an exemption certificate for its purchases*
26 *and sales of tangible personal property or services pursuant to this*
27 *subsection prior to claiming such exemption. The secretary shall prescribe*
28 *the application form, and the business shall provide with the application*
29 *information sufficient to establish that such business qualifies for the sales*
30 *tax exemption. As used in this subsection, "competes against the business"*
31 *and "facility owned or operated by a governmental entity " mean the same*
32 *as defined in section 1, and amendments thereto. A "business that owns*
33 *and operates real property" means a business enterprise where the owner*
34 *of the real property operates the business and collects the payment of a fee*
35 *entitling the buyer to use the facility or sells goods or services to the buyer*
36 *and such owner of the real property and operator of the business*
37 *enterprise are the same business entity, a parent or subsidiary of the same*
38 *business entity or have any direct or indirect common ownership.*

39 Sec. 3. K.S.A. 2022 Supp. 79-3606 is hereby repealed.

40 Sec. 4. This act shall take effect and be in force from and after its
41 publication in the statute book.