

SENATE BILL No. 435

By Committee on Federal and State Affairs

2-1

1 AN ACT concerning sales taxation; relating to exemptions; providing an
2 exemption for period products, diapers and incontinence products;
3 amending K.S.A. 2023 Supp. 79-3606 and repealing the existing
4 section.

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

7 Section 1. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as
8 follows: 79-3606. The following shall be exempt from the tax imposed by
9 this act:

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

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

1 such items of personal property or service are used or proposed to be used
2 in such business;

3 (c) all sales of tangible personal property or services, including the
4 renting and leasing of tangible personal property, purchased directly by a
5 public or private elementary or secondary school or public or private
6 nonprofit educational institution and used primarily by such school or
7 institution for nonsectarian programs and activities provided or sponsored
8 by such school or institution or in the erection, repair or enlargement of
9 buildings to be used for such purposes. The exemption herein provided
10 shall not apply to erection, construction, repair, enlargement or equipment
11 of buildings used primarily for human habitation, except that such
12 exemption shall apply to the erection, construction, repair, enlargement or
13 equipment of buildings used for human habitation by the cerebral palsy
14 research foundation of Kansas located in Wichita, Kansas, and multi
15 community diversified services, incorporated, located in McPherson,
16 Kansas;

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

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

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

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

34 (f) tangible personal property purchased by a railroad or public utility
35 for consumption or movement directly and immediately in interstate
36 commerce;

37 (g) sales of aircraft including remanufactured and modified aircraft
38 sold to persons using directly or through an authorized agent such aircraft
39 as certified or licensed carriers of persons or property in interstate or
40 foreign commerce under authority of the laws of the United States or any
41 foreign government or sold to any foreign government or agency or
42 instrumentality of such foreign government and all sales of aircraft for use
43 outside of the United States and sales of aircraft repair, modification and

1 replacement parts and sales of services employed in the remanufacture,
2 modification and repair of aircraft;

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

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

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

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

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

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

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

41 (o) all sales of animals, fowl and aquatic plants and animals, the
42 primary purpose of which is use in agriculture or aquaculture, as defined in
43 K.S.A. 47-1901, and amendments thereto, the production of food for

1 human consumption, the production of animal, dairy, poultry or aquatic
2 plant and animal products, fiber or fur, or the production of offspring for
3 use for any such purpose or purposes;

4 (p) all sales of drugs dispensed pursuant to a prescription order by a
5 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
6 1626, and amendments thereto. As used in this subsection, "drug" means a
7 compound, substance or preparation and any component of a compound,
8 substance or preparation, other than food and food ingredients, dietary
9 supplements or alcoholic beverages, recognized in the official United
10 States pharmacopeia, official homeopathic pharmacopoeia of the United
11 States or official national formulary, and supplement to any of them,
12 intended for use in the diagnosis, cure, mitigation, treatment or prevention
13 of disease or intended to affect the structure or any function of the body,
14 except that for taxable years commencing after December 31, 2013, this
15 subsection shall not apply to any sales of drugs used in the performance or
16 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
17 thereto;

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

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

41 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
42 all sales of tangible personal property or services purchased directly or
43 indirectly by a groundwater management district organized or operating

1 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
2 by a rural water district organized or operating under the authority of
3 K.S.A. 82a-612, and amendments thereto, or by a water supply district
4 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
5 3522 et seq. or 19-3545, and amendments thereto, which property or
6 services are used in the construction activities, operation or maintenance of
7 the district;

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

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

37 (v) all sales of tangible personal property to any contractor for use in
38 preparing meals for delivery to homebound elderly persons over 60 years
39 of age and to homebound disabled persons or to be served at a group-
40 sitting at a location outside of the home to otherwise homebound elderly
41 persons over 60 years of age and to otherwise homebound disabled
42 persons, as all or part of any food service project funded in whole or in
43 part by government or as part of a private nonprofit food service project

1 available to all such elderly or disabled persons residing within an area of
2 service designated by the private nonprofit organization, and all sales of
3 tangible personal property for use in preparing meals for consumption by
4 indigent or homeless individuals whether or not such meals are consumed
5 at a place designated for such purpose, and all sales of food products by or
6 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

39 (cc) all sales of tangible personal property or services purchased prior
40 to January 1, 2012, except as otherwise provided, for the purpose of and in
41 conjunction with constructing, reconstructing, enlarging or remodeling a
42 business or retail business that meets the requirements established in
43 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of

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

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

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

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

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

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

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

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

43 (kk) (1) (A) all sales of machinery and equipment that are used in this

1 state as an integral or essential part of an integrated production operation
2 by a manufacturing or processing plant or facility;

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

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

7 (2) For purposes of this subsection:

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

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

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

32 (D) "manufacturing or processing business" means a business that
33 utilizes an integrated production operation to manufacture, process,
34 fabricate, finish or assemble items for wholesale and retail distribution as
35 part of what is commonly regarded by the general public as an industrial
36 manufacturing or processing operation or an agricultural commodity
37 processing operation. (i) Industrial manufacturing or processing operations
38 include, by way of illustration but not of limitation, the fabrication of
39 automobiles, airplanes, machinery or transportation equipment, the
40 fabrication of metal, plastic, wood or paper products, electricity power
41 generation, water treatment, petroleum refining, chemical production,
42 wholesale bottling, newspaper printing, ready mixed concrete production,
43 and the remanufacturing of used parts for wholesale or retail sale. Such

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

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

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

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

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

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

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

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

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

4 (F) plan, manage, control or record the receipt and flow of inventories
5 of raw materials, consumables and component parts, the flow of the
6 property undergoing manufacturing or processing and the management of
7 inventories of the finished product;

8 (G) produce energy for, lubricate, control the operating of or
9 otherwise enable the functioning of other production machinery and
10 equipment and the continuation of production operations;

11 (H) package the property being manufactured or processed in a
12 container or wrapping in which such property is normally sold or
13 transported;

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

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

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

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

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

30 (4) The following machinery, equipment and materials shall be
31 deemed to be exempt even though it may not otherwise qualify as
32 machinery and equipment used as an integral or essential part of an
33 integrated production operation: (A) Computers and related peripheral
34 equipment that are utilized by a manufacturing or processing business for
35 engineering of the finished product or for research and development or
36 product design; (B) machinery and equipment that is utilized by a
37 manufacturing or processing business to manufacture or rebuild tangible
38 personal property that is used in manufacturing or processing operations,
39 including tools, dies, molds, forms and other parts of qualifying machinery
40 and equipment; (C) portable plants for aggregate concrete, bulk cement
41 and asphalt including cement mixing drums to be attached to a motor
42 vehicle; (D) industrial fixtures, devices, support facilities and special
43 foundations necessary for manufacturing and production operations, and

1 materials and other tangible personal property sold for the purpose of
2 fabricating such fixtures, devices, facilities and foundations. An exemption
3 certificate for such purchases shall be signed by the manufacturer or
4 processor. If the fabricator purchases such material, the fabricator shall
5 also sign the exemption certificate; (E) a manufacturing or processing
6 business' laboratory equipment that is not located at the plant or facility,
7 but that would otherwise qualify for exemption under subsection (3)(E);
8 (F) all machinery and equipment used in surface mining activities as
9 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
10 from the time a reclamation plan is filed to the acceptance of the
11 completed final site reclamation.

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

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

19 (B) machinery, equipment and tools used primarily in maintaining
20 and repairing any type of machinery and equipment or the building and
21 plant;

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

27 (D) office machines and equipment including computers and related
28 peripheral equipment not used directly and primarily to control or measure
29 the manufacturing process;

30 (E) furniture and other furnishings;

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

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

37 (H) machinery and equipment used for general plant heating, cooling
38 and lighting;

39 (I) motor vehicles that are registered for operation on public
40 highways; or

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

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

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

11 (ll) all sales of educational materials purchased for distribution to the
12 public at no charge by a nonprofit corporation organized for the purpose of
13 encouraging, fostering and conducting programs for the improvement of
14 public health, except that for taxable years commencing after December
15 31, 2013, this subsection shall not apply to any sales of such materials
16 purchased by a nonprofit corporation which performs any abortion, as
17 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

1 K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

42 (7) the Kansas chapters of the Parkinson's disease association for the
43 purpose of eliminating Parkinson's disease through medical research and

1 public and professional education related to such disease;

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

5 (9) the heartstrings community foundation for the purpose of
6 providing training, employment and activities for adults with
7 developmental disabilities;

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

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

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

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

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

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

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

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

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

41 (19) the international association of lions clubs for the purpose of
42 creating and fostering a spirit of understanding among all people for
43 humanitarian needs by providing voluntary services through community

1 involvement and international cooperation;

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

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

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

12 (23) the angel babies association, for the purpose of providing
13 assistance, support and items of necessity to teenage mothers and their
14 babies; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 (ggg) all sales of tangible personal property and services purchased
43 by or on behalf of the Kansas academy of science, which is exempt from

1 federal income taxation pursuant to section 501(c)(3) of the federal
2 internal revenue code of 1986, and used solely by such academy for the
3 preparation, publication and dissemination of education materials;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (ttt) all sales of tangible personal property or services purchased by a
40 contractor for a project for the purpose of restoring, constructing,
41 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
42 remodeling a home or facility owned by a nonprofit museum that has been
43 granted an exemption pursuant to subsection (qq), which such home or

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

41 (uuu) all sales of tangible personal property and services purchased
42 by Kansas children's service league, hereinafter referred to as KCSL,
43 which is exempt from federal income taxation pursuant to section 501(c)

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

43 (vvv) all sales of tangible personal property or services, including the

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

8 (www) all sales of tangible personal property purchased by or on
9 behalf of the Frontenac education foundation, 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 providing education support for
12 students, and all sales of any such property by or on behalf of such
13 organization for such purpose;

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

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

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

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

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

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

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

1 provide health care services for uninsured workers;

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

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

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

24 (ffff) all sales of tangible personal property and services purchased by
25 sheltered living, inc., which is exempt from federal income taxation
26 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
27 and which such property and services are used for the purpose of
28 providing residential and day services for people with developmental
29 disabilities or intellectual disability, or both, and all sales of any such
30 property by or on behalf of sheltered living, inc., for any such purpose; and
31 all sales of tangible personal property or services purchased by a
32 contractor for the purpose of rehabilitating, constructing, maintaining,
33 repairing, enlarging, furnishing or remodeling homes and facilities for
34 sheltered living, inc., for any such purpose that would be exempt from
35 taxation under the provisions of this section if purchased directly by
36 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
37 the purchase of any construction machinery, equipment or tools used in the
38 constructing, maintaining, repairing, enlarging, furnishing or remodeling
39 such homes and facilities for sheltered living, inc. When sheltered living,
40 inc., contracts for the purpose of rehabilitating, constructing, maintaining,
41 repairing, enlarging, furnishing or remodeling such homes and 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 sheltered living, inc., a sworn statement, on a
6 form to be provided by the director of taxation, that all purchases so made
7 were entitled to exemption under this subsection. All invoices shall be held
8 by the contractor for a period of five years and shall be subject to audit by
9 the director of taxation. If any materials purchased under such a certificate
10 are found not to have been incorporated in the building or other project or
11 not to have been returned for credit or the sales or compensating tax
12 otherwise imposed upon such materials that will not be so incorporated in
13 the building or other project reported and paid by such contractor to the
14 director of taxation not later than the 20th day of the month following the
15 close of the month in which it shall be determined that such materials will
16 not be used for the purpose for which such certificate was issued, sheltered
17 living, inc., shall be liable for tax on all materials purchased for the
18 project, and upon payment thereof it may recover the same from the
19 contractor together with reasonable attorney fees. Any contractor or any
20 agent, employee or subcontractor thereof, who shall use or otherwise
21 dispose of any materials purchased under such a certificate for any purpose
22 other than that for which such a certificate is issued without the payment
23 of the sales or compensating tax otherwise imposed upon such materials,
24 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
25 subject to the penalties provided for in K.S.A. 79-3615(h), and
26 amendments thereto;

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

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

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

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

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

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

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

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

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

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

24 (nnnn) all sales of tangible personal property or services purchased
25 by friends of hospice of Jefferson county, an organization that is exempt
26 from federal income taxation pursuant to section 501(c)(3) of the federal
27 internal revenue code of 1986, for the purpose of providing support to the
28 Jefferson county hospice agency in end-of-life care of Jefferson county
29 families, friends and neighbors, and all sales of entry or participation fees,
30 charges or tickets by friends of hospice of Jefferson county for such
31 organization's fundraising event for such purpose;

32 (oooo) all sales of tangible personal property or services purchased
33 for the purpose of and in conjunction with constructing, reconstructing,
34 enlarging or remodeling a qualified business facility by a qualified firm or
35 qualified supplier that meets the requirements established in K.S.A. 2023
36 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
37 been approved for a project exemption certificate by the secretary of
38 commerce, and the sale and installation of machinery and equipment
39 purchased by such qualified firm or qualified supplier for installation at
40 any such qualified business facility. When a person shall contract for the
41 construction, reconstruction, enlargement or remodeling of any such
42 qualified business facility, such person shall obtain from the state and
43 furnish to the contractor an exemption certificate for the project involved,

1 and the contractor may purchase materials, machinery and equipment for
2 incorporation in such project. The contractor shall furnish the number of
3 such certificates to all suppliers from whom such purchases are made, and
4 such suppliers shall execute invoices covering the same bearing the
5 number of such certificate. Upon completion of the project, the contractor
6 shall furnish to the owner of the qualified firm or qualified supplier a
7 sworn statement, on a form to be provided by the director of taxation, that
8 all purchases so made were entitled to exemption under this subsection.
9 All invoices shall be held by the contractor for a period of five years and
10 shall be subject to audit by the director of taxation. Any contractor or any
11 agent, employee or subcontractor thereof who shall use or otherwise
12 dispose of any materials, machinery or equipment purchased under such a
13 certificate for any purpose other than that for which such a certificate is
14 issued without the payment of the sales or compensating tax otherwise
15 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
16 therefor, shall be subject to the penalties provided for in K.S.A. 79-
17 3615(h), and amendments thereto. As used in this subsection, "qualified
18 business facility," "qualified firm" and "qualified supplier" mean the same
19 as defined in K.S.A. 2023 Supp. 74-50,311, and amendments thereto;

20 (pppp) (1) all sales of tangible personal property or services
21 purchased by a not-for-profit corporation that is designated as an area
22 agency on aging by the secretary for aging and disabilities services and is
23 exempt from federal income taxation pursuant to section 501(c)(3) of the
24 federal internal revenue code for the purpose of coordinating and
25 providing seniors and those living with disabilities with services that
26 promote person-centered care, including home-delivered meals,
27 congregate meal settings, long-term case management, transportation,
28 information, assistance and other preventative and intervention services to
29 help service recipients remain in their homes and communities or for the
30 purpose of constructing, equipping, reconstructing, maintaining, repairing,
31 enlarging, furnishing or remodeling facilities for such area agency on
32 aging; and

33 (2) all sales of tangible personal property or services purchased by a
34 contractor for the purpose of constructing, equipping, reconstructing,
35 maintaining, repairing, enlarging, furnishing or remodeling facilities for an
36 area agency on aging that would be exempt from taxation under the
37 provisions of this section if purchased directly by such area agency on
38 aging. Nothing in this paragraph shall be deemed to exempt the purchase
39 of any construction machinery, equipment or tools used in the
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
41 furnishing or remodeling facilities for an area agency on aging. When an
42 area agency on aging contracts for the purpose of constructing, equipping,
43 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling

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

30 (qqqq) all sales of tangible personal property or services purchased
 31 by Kansas suicide prevention HQ, inc., an organization that is exempt
 32 from federal income taxation pursuant to section 501(c)(3) of the federal
 33 internal revenue code of 1986, for the purpose of bringing suicide
 34 prevention training and awareness to communities across the state; *and*

35 (rrrr) *all sales of period products, diapers and incontinence products,*
 36 *including disposable and reusable options. As used in this subsection:*

37 (1) *"Diapers" means absorbent garments worn by infants or toddlers*
 38 *who are not toilet-trained or by individuals who are incapable of*
 39 *controlling their bladder or bowel movements;*

40 (2) *"incontinence products" means products designed specifically for*
 41 *hygiene matters related to urinary incontinence, including, but not limited*
 42 *to, adult diapers; and*

43 (3) *"period products" or "menstrual products" means tampons, panty*

1 *liners, menstrual cups, sanitary napkins, and other similar tangible*
2 *personal property designed for period hygiene in connection with the*
3 *human menstrual cycle.*

4 Sec. 2. K.S.A. 2023 Supp. 79-3606 is hereby repealed.

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