

HOUSE BILL No. 2428

By Committee on Taxation

5-22

1 AN ACT concerning sales and compensating use tax; relating to
2 exemptions and the repeal thereof; amending K.S.A. 2016 Supp. 79-
3 3603 and 79-3606 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2016 Supp. 79-3603 is hereby amended to read as
7 follows: 79-3603. For the privilege of engaging in the business of selling
8 tangible personal property at retail in this state or rendering or furnishing
9 any of the services taxable under this act, there is hereby levied and there
10 shall be collected and paid a tax at the rate of 6.15%, and commencing
11 July 1, 2015, at the rate of 6.5%. Within a redevelopment district
12 established pursuant to K.S.A. 74-8921, and amendments thereto, there is
13 hereby levied and there shall be collected and paid an additional tax at the
14 rate of 2% until the earlier of the date the bonds issued to finance or
15 refinance the redevelopment project have been paid in full or the final
16 scheduled maturity of the first series of bonds issued to finance any part of
17 the project upon:

18 (a) The gross receipts received from the sale of tangible personal
19 property at retail within this state;

20 (b) the gross receipts from intrastate, interstate or international
21 telecommunications services and any ancillary services sourced to this
22 state in accordance with K.S.A. 2016 Supp. 79-3673, and amendments
23 thereto, except that *prior to July 1, 2020*, telecommunications service does
24 not include: (1) Any interstate or international 800 or 900 service; (2) any
25 interstate or international private communications service as defined in
26 K.S.A. 2016 Supp. 79-3673, and amendments thereto; (3) any value-added
27 nonvoice data service; (4) any telecommunication service to a provider of
28 telecommunication services which will be used to render
29 telecommunications services, including carrier access services; or (5) any
30 service or transaction defined in this section among entities classified as
31 members of an affiliated group as provided by section 1504 of the federal
32 internal revenue code of 1986, as in effect on January 1, 2001;

33 (c) the gross receipts from the sale or furnishing of gas, water,
34 electricity and heat, which sale is not otherwise exempt from taxation
35 under the provisions of this act, and whether furnished by municipally or
36 privately owned utilities, except that, on and after January 1, 2006, *and*

1 *prior to July 1, 2020*, for sales of gas, electricity and heat delivered
2 through mains, lines or pipes to residential premises for noncommercial
3 use by the occupant of such premises, and for agricultural use and also, for
4 such use, all sales of propane gas, the state rate shall be 0%; and *prior to*
5 *July 1, 2020*, for all sales of propane gas, LP gas, coal, wood and other fuel
6 sources for the production of heat or lighting for noncommercial use of an
7 occupant of residential premises, the state rate shall be 0%, ~~but~~ and such
8 tax shall not be levied and collected upon the gross receipts from: (1) The
9 sale of a rural water district benefit unit; (2) a water system impact fee,
10 system enhancement fee or similar fee collected by a water supplier as a
11 condition for establishing service; or (3) connection or reconnection fees
12 collected by a water supplier;

13 (d) the gross receipts from the sale of meals or drinks furnished at any
14 private club, drinking establishment, catered event, restaurant, eating
15 house, dining car, hotel, drugstore or other place where meals or drinks are
16 regularly sold to the public;

17 (e) the gross receipts from the sale of admissions to any place
18 providing amusement, entertainment or recreation services including
19 admissions to state, county, district and local fairs, but such tax shall not
20 be levied and collected *prior to July 1, 2020*, upon the gross receipts
21 received from sales of admissions to any cultural and historical event
22 which occurs triennially;

23 (f) the gross receipts from the operation of any coin-operated device
24 dispensing or providing tangible personal property, amusement or other
25 services except, *prior to July 1, 2020*, laundry services, whether automatic
26 or manually operated;

27 (g) the gross receipts from the service of renting of rooms by hotels,
28 as defined by K.S.A. 36-501, and amendments thereto, or by
29 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
30 thereto, but such tax shall not be levied and collected upon the gross
31 receipts received from sales of such service to the federal government and
32 any agency, officer or employee thereof in association with the
33 performance of official government duties;

34 (h) the gross receipts from the service of renting or leasing of tangible
35 personal property except such tax shall not apply to the renting or leasing
36 of machinery, equipment or other personal property owned by a city and
37 purchased from the proceeds of industrial revenue bonds issued prior to
38 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
39 12-1749, and amendments thereto, and any city or lessee renting or leasing
40 such machinery, equipment or other personal property purchased with the
41 proceeds of such bonds who shall have paid a tax under the provisions of
42 this section upon sales made prior to July 1, 1973, shall be entitled to a
43 refund from the sales tax refund fund of all taxes paid thereon;

1 (i) the gross receipts from the rendering of dry cleaning, pressing,
2 dyeing and laundry services except, *prior to July 1, 2020*, laundry services
3 rendered through a coin-operated device whether automatic or manually
4 operated;

5 (j) the gross receipts from the rendering of the services of washing
6 and washing and waxing of vehicles;

7 (k) the gross receipts from cable, community antennae and other
8 subscriber radio and television services;

9 (l) (1) except as otherwise provided by paragraph (2), the gross
10 receipts received from the sales of tangible personal property to all
11 contractors, subcontractors or repairmen for use by them in erecting
12 structures, or building on, or otherwise improving, altering, or repairing
13 real or personal property.

14 (2) Any such contractor, subcontractor or repairman who maintains
15 an inventory of such property both for sale at retail and for use by them for
16 the purposes described by paragraph (1) shall be deemed a retailer with
17 respect to purchases for and sales from such inventory, except that the
18 gross receipts received from any such sale, other than a sale at retail, shall
19 be equal to the total purchase price paid for such property and the tax
20 imposed thereon shall be paid by the deemed retailer;

21 (m) the gross receipts received from fees and charges by public and
22 private clubs, drinking establishments, organizations and businesses for
23 participation in sports, games and other recreational activities, but, *prior to*
24 *July 1, 2020*, such tax shall not be levied and collected upon the gross
25 receipts received from: (1) Fees and charges by any political subdivision,
26 by any organization exempt from property taxation pursuant to K.S.A. 79-
27 201 *Ninth*, and amendments thereto, or by any youth recreation
28 organization exclusively providing services to persons 18 years of age or
29 younger which is exempt from federal income taxation pursuant to section
30 501(c)(3) of the federal internal revenue code of 1986, for participation in
31 sports, games and other recreational activities; and (2) entry fees and
32 charges for participation in a special event or tournament sanctioned by a
33 national sporting association to which spectators are charged an admission
34 which is taxable pursuant to subsection (e);

35 (n) the gross receipts received from dues charged by public and
36 private clubs, drinking establishments, organizations and businesses,
37 payment of which entitles a member to the use of facilities for recreation
38 or entertainment, but, *prior to July 1, 2020*, such tax shall not be levied
39 and collected upon the gross receipts received from: (1) Dues charged by
40 any organization exempt from property taxation pursuant to K.S.A. 79-201
41 *Eighth* and *Ninth*, and amendments thereto; and (2) sales of memberships
42 in a nonprofit organization which is exempt from federal income taxation
43 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,

1 and whose purpose is to support the operation of a nonprofit zoo;

2 (o) the gross receipts received from the isolated or occasional sale of
3 motor vehicles or trailers but not including, *prior to July 1, 2020*: (1) The
4 transfer of motor vehicles or trailers by a person to a corporation or limited
5 liability company solely in exchange for stock securities or membership
6 interest in such corporation or limited liability company; (2) the transfer of
7 motor vehicles or trailers by one corporation or limited liability company
8 to another when all of the assets of such corporation or limited liability
9 company are transferred to such other corporation or limited liability
10 company; or (3) the sale of motor vehicles or trailers which are subject to
11 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
12 amendments thereto, by an immediate family member to another
13 immediate family member. For the purposes of paragraph (3), immediate
14 family member means lineal ascendants or descendants, and their spouses.
15 Any amount of sales tax paid pursuant to the Kansas retailers sales tax act
16 on the isolated or occasional sale of motor vehicles or trailers on and after
17 July 1, 2004, which the base for computing the tax was the value pursuant
18 to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when
19 such amount was higher than the amount of sales tax which would have
20 been paid under the law as it existed on June 30, 2004, shall be refunded to
21 the taxpayer pursuant to the procedure prescribed by this section. Such
22 refund shall be in an amount equal to the difference between the amount of
23 sales tax paid by the taxpayer and the amount of sales tax which would
24 have been paid by the taxpayer under the law as it existed on June 30,
25 2004. Each claim for a sales tax refund shall be verified and submitted not
26 later than six months from the effective date of this act to the director of
27 taxation upon forms furnished by the director and shall be accompanied by
28 any additional documentation required by the director. The director shall
29 review each claim and shall refund that amount of tax paid as provided by
30 this act. All such refunds shall be paid from the sales tax refund fund, upon
31 warrants of the director of accounts and reports pursuant to vouchers
32 approved by the director of taxation or the director's designee. No refund
33 for an amount less than \$10 shall be paid pursuant to this act. In
34 determining the base for computing the tax on such isolated or occasional
35 sale, the fair market value of any motor vehicle or trailer traded in by the
36 purchaser to the seller may be deducted from the selling price;

37 (p) the gross receipts received for the service of installing or applying
38 tangible personal property which when installed or applied is not being
39 held for sale in the regular course of business, and whether or not such
40 tangible personal property when installed or applied remains tangible
41 personal property or becomes a part of real estate, except that *prior to July*
42 *1, 2020*, no tax shall be imposed upon the service of installing or applying
43 tangible personal property in connection with the original construction of a

1 building or facility, the original construction, reconstruction, restoration,
2 remodeling, renovation, repair or replacement of a residence or the
3 construction, reconstruction, restoration, replacement or repair of a bridge
4 or highway.

5 For the purposes of this subsection:

6 (1) "Original construction" shall mean the first or initial construction
7 of a new building or facility. The term "original construction" shall include
8 the addition of an entire room or floor to any existing building or facility,
9 the completion of any unfinished portion of any existing building or
10 facility and the restoration, reconstruction or replacement of a building,
11 facility or utility structure damaged or destroyed by fire, flood, tornado,
12 lightning, explosion, windstorm, ice loading and attendant winds,
13 terrorism or earthquake, but such term, except with regard to a residence,
14 shall not include replacement, remodeling, restoration, renovation or
15 reconstruction under any other circumstances;

16 (2) "building" shall mean only those enclosures within which
17 individuals customarily are employed, or which are customarily used to
18 house machinery, equipment or other property, and including the land
19 improvements immediately surrounding such building;

20 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
21 well, feedlot or any conveyance, transmission or distribution line of any
22 cooperative, nonprofit, membership corporation organized under or subject
23 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
24 municipal or quasi-municipal corporation, including the land
25 improvements immediately surrounding such facility;

26 (4) "residence" shall mean only those enclosures within which
27 individuals customarily live;

28 (5) "utility structure" shall mean transmission and distribution lines
29 owned by an independent transmission company or cooperative, the
30 Kansas electric transmission authority or natural gas or electric public
31 utility; and

32 (6) "windstorm" shall mean straight line winds of at least 80 miles per
33 hour as determined by a recognized meteorological reporting agency or
34 organization;

35 (q) the gross receipts received for the service of repairing, servicing,
36 altering or maintaining tangible personal property which when such
37 services are rendered is not being held for sale in the regular course of
38 business, and whether or not any tangible personal property is transferred
39 in connection therewith. The tax imposed by this subsection shall be
40 applicable to the services of repairing, servicing, altering or maintaining an
41 item of tangible personal property which has been and is fastened to,
42 connected with or built into real property;

43 (r) the gross receipts from fees or charges made under service or

1 maintenance agreement contracts for services, charges for the providing of
2 which are taxable under the provisions of subsection (p) or (q);

3 (s) *(1) on and after January 1, 2005, and prior to July 1, 2020, the*
4 *gross receipts received from the sale of prewritten computer software and*
5 *the sale of the services of modifying, altering, updating or maintaining*
6 *prewritten computer software, whether the prewritten computer software is*
7 *installed or delivered electronically by tangible storage media physically*
8 *transferred to the purchaser or by load and leave; and*

9 *(2) on and after July 1, 2020, the gross receipts from the sale of*
10 *computer software and the sale of the services of modifying, altering,*
11 *updating or maintaining computer software, whether the computer*
12 *software is installed or delivered electronically by tangible storage media*
13 *physically transferred to the purchaser or by load and leave;*

14 (t) the gross receipts received for telephone answering services;

15 (u) the gross receipts received from the sale of prepaid calling service
16 and prepaid wireless calling service as defined in K.S.A. 2016 Supp. 79-
17 3673, and amendments thereto;

18 (v) all sales of bingo cards, bingo faces and instant bingo tickets by
19 licensees under K.S.A. 2016 Supp. 75-5171 et seq., and amendments
20 thereto, *except prior to July 1, 2020, such sales shall be exempt from taxes*
21 *imposed pursuant to this section; and*

22 (w) all sales of charitable raffle tickets in accordance with K.S.A.
23 2016 Supp. 75-5171 et seq., and amendments thereto, shall be exempt
24 from taxes imposed pursuant to this section.

25 Sec. 2. K.S.A. 2016 Supp. 79-3606 is hereby amended to read as
26 follows: 79-3606. The following shall be exempt from the tax imposed by
27 this act:

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

41 (b) all sales of tangible personal property or service, including the
42 renting and leasing of tangible personal property, purchased directly by the
43 state of Kansas, a political subdivision thereof, other than a school or

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

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

21 (d) all sales of tangible personal property or services purchased by a
22 contractor for the purpose of constructing, equipping, reconstructing,
23 maintaining, repairing, enlarging, furnishing or remodeling facilities for
24 any public or private nonprofit hospital or public hospital authority, public
25 or private elementary or secondary school, a public or private nonprofit
26 educational institution, state correctional institution including a privately
27 constructed correctional institution contracted for state use and ownership,
28 which would be exempt from taxation under the provisions of this act if
29 purchased directly by such hospital or public hospital authority, school,
30 educational institution or a state correctional institution; and all sales of
31 tangible personal property or services purchased by a contractor for the
32 purpose of constructing, equipping, reconstructing, maintaining, repairing,
33 enlarging, furnishing or remodeling facilities for any political subdivision
34 of the state or district described in subsection (s), the total cost of which is
35 paid from funds of such political subdivision or district and which would
36 be exempt from taxation under the provisions of this act if purchased
37 directly by such political subdivision or district. Nothing in this subsection
38 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be
39 deemed to exempt the purchase of any construction machinery, equipment
40 or tools used in the constructing, equipping, reconstructing, maintaining,
41 repairing, enlarging, furnishing or remodeling facilities for any political
42 subdivision of the state or any such district. As used in this subsection,
43 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a

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

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

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

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

41 (g) sales of aircraft including remanufactured and modified aircraft
42 sold to persons using directly or through an authorized agent such aircraft
43 as certified or licensed carriers of persons or property in interstate or

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

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

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

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

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

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

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

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

1 services;

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

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

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

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

1 malfunction or support a weak or deformed portion of the body;

2 (s) except as provided in K.S.A. 2016 Supp. 82a-2101, and
3 amendments thereto, all sales of tangible personal property or services
4 purchased directly or indirectly by a groundwater management district
5 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
6 amendments thereto, by a rural water district organized or operating under
7 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
8 supply district organized or operating under the authority of K.S.A. 19-
9 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
10 property or services are used in the construction activities, operation or
11 maintenance of the district;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

1 final product that occurs at the plant or facility;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (E) furniture and other furnishings;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 If any materials purchased under such a certificate are found not to have
2 been incorporated in such facilities or not to have been returned for credit
3 or the sales or compensating tax otherwise imposed upon such materials
4 which will not be so incorporated in such facilities reported and paid by
5 such contractor to the director of taxation not later than the 20th day of the
6 month following the close of the month in which it shall be determined
7 that such materials will not be used for the purpose for which such
8 certificate was issued, such organization concerned shall be liable for tax
9 on all materials purchased for the project, and upon payment thereof it
10 may recover the same from the contractor together with reasonable
11 attorney fees. Any contractor or any agent, employee or subcontractor
12 thereof, who shall use or otherwise dispose of any materials 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. Sales tax paid on and after
18 July 1, 2005, but prior to the effective date of this act upon the gross
19 receipts received from any sale exempted by the amendatory provisions of
20 this subsection shall be refunded. Each claim for a sales tax refund shall be
21 verified and submitted to the director of taxation upon forms furnished by
22 the director and shall be accompanied by any additional documentation
23 required by the director. The director shall review each claim and shall
24 refund that amount of sales tax paid as determined under the provisions of
25 this subsection. All refunds shall be paid from the sales tax refund fund
26 upon warrants of the director of accounts and reports pursuant to vouchers
27 approved by the director or the director's designee;

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

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

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

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

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

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

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

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

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

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

41 (sss) all sales of tangible personal property and services purchased by
42 catholic charities or youthville, hereinafter referred to as charitable family
43 providers, which is exempt from federal income taxation pursuant to

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

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

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

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

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

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

14 (www) all sales of tangible personal property purchased by or on
15 behalf of the Frontenac education foundation, 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 providing education support for
18 students, and all sales of any such property by or on behalf of such
19 organization for such purpose;

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

1 statement, on a form to be provided by the director of taxation, that all
2 purchases so made were entitled to exemption under this subsection. All
3 invoices shall be held by the contractor for a period of five years and shall
4 be subject to audit by the director of taxation. If any materials purchased
5 under such a certificate are found not to have been incorporated in such
6 facilities or not to have been returned for credit or the sales or
7 compensating tax otherwise imposed upon such materials which will not
8 be so incorporated in such facilities reported and paid by such contractor
9 to the director of taxation not later than the 20th day of the month following
10 the close of the month in which it shall be determined that such materials
11 will not be used for the purpose for which such certificate was issued, such
12 organization 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. Sales tax paid on and after January 1, 2007, but prior
22 to the effective date of this act upon the gross receipts received from any
23 sale which would have been exempted by the provisions of this subsection
24 had such sale occurred after the effective date of this act shall be refunded.
25 Each claim for a sales tax refund shall be verified and submitted to the
26 director of taxation upon forms furnished by the director and shall be
27 accompanied by any additional documentation required by the director.
28 The director shall review each claim and shall refund that amount of sales
29 tax paid as determined under the provisions of this subsection. All refunds
30 shall be paid from the sales tax refund fund upon warrants of the director
31 of accounts and reports pursuant to vouchers approved by the director or
32 the director's designee;

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

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

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

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

1 persons with cancer, and all sales of any such property by or on behalf of
2 any such organization for any such purpose;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 whom such purchases are made, and such suppliers shall execute invoices
2 covering the same bearing the number of such certificate. Upon
3 completion of the project, the contractor shall furnish to such organization
4 concerned a sworn statement, on a form to be provided by the director of
5 taxation, that all purchases so made were entitled to exemption under this
6 subsection. All invoices shall be held by the contractor for a period of five
7 years and shall be subject to audit by the director of taxation. If any
8 materials purchased under such a certificate are found not to have been
9 incorporated in such facilities or not to have been returned for credit or the
10 sales or compensating tax otherwise imposed upon such materials which
11 will not be so incorporated in such facilities reported and paid by such
12 contractor to the director of taxation no later than the 20th day of the month
13 following the close of the month in which it shall be determined that such
14 materials will not be used for the purpose for which such certificate was
15 issued, such organization concerned shall be liable for tax on all materials
16 purchased for the project, and upon payment thereof it may recover the
17 same from the contractor together with reasonable attorney fees. Any
18 contractor or any agent, employee or subcontractor thereof, who purchased
19 under such a certificate for any purpose other than that for which such a
20 certificate is issued without the payment of the sales or compensating tax
21 otherwise imposed upon such materials, shall be guilty of a misdemeanor
22 and, upon conviction therefor, shall be subject to the penalties provided for
23 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
24 subsection shall expire and have no effect on and after July 1, 2019; and
25 *(mmmm) except for subsections (b), (d), (e), (g), (s), (y), (z), (aa),*
26 *(dd), (gg), (ss), (uu), (ddd) and (rrr), the provisions of this section shall*
27 *not apply after June 30, 2020.*

28 Sec. 3. K.S.A. 2016 Supp. 79-3603 and 79-3606 are hereby repealed.

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