

HOUSE BILL No. 2473

By Representative Sloan

1-16

1 AN ACT concerning taxation; relating to rural broadband; income tax,
2 credits, modifications; sales and compensating use tax, exemptions;
3 amending K.S.A. 2017 Supp. 79-32,117 and 79-3606 and repealing the
4 existing sections.

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

7 New Section 1. (a) As used in this section:

8 (1) "Broadband" means a retail service that utilizes infrastructure
9 with the capacity to transmit data to enable a subscriber to the service to
10 originate and receive high-quality voice, data, graphics and video, without
11 regard to delivery technology and that:

12 (A) Is capable of minimum download speeds of at least 25 megabits
13 per second and minimum upload speeds of at least three megabits per
14 second;

15 (B) provides an average latency of less than 100 milliseconds to
16 enable the use of real-time communications; and

17 (C) provides subscribers with a minimum monthly data allowance of
18 150 gigabytes per month.

19 (2) "Rural area" means a county with an average population density
20 of less than 100 persons per square mile, excluding the county seat, and
21 that is either:

22 (A) Not served by any broadband service provider; or

23 (B) served by a broadband service provider, but less than 10% of the
24 persons in such county have access to broadband service.

25 (b) There shall be allowed as a credit against the tax liability of a
26 taxpayer imposed under the Kansas income tax act an amount equal to the
27 rental income received by the taxpayer for rent of real estate to any
28 provider of broadband for the installation of any equipment required in
29 providing broadband in a rural area. The tax credit allowed by this
30 subsection shall be deducted from the taxpayer's income tax liability for
31 the taxable year in which the rental income is received by the taxpayer. If
32 the amount of such tax credit exceeds the taxpayer's income tax liability
33 for such taxable year, the taxpayer may carry over the amount thereof that
34 exceeds such tax liability for deduction from the taxpayer's income tax
35 liability in the next succeeding taxable year or years until the total amount
36 of the tax credit has been deducted from tax liability, except that no such

1 tax credit shall be carried over for deduction after the fourth taxable year
2 succeeding the year in which the costs are incurred.

3 (c) Any business firm or business entity not subject to Kansas
4 income, privilege or premiums tax, hereinafter designated the assignor,
5 may sell, assign, convey or otherwise transfer tax credits up to 80% of the
6 credit allowed and earned pursuant to this section. Such credits shall be
7 deemed to be allowed and earned by any such business entity, which is
8 only disqualified therefrom by reason of not being subject to such Kansas
9 taxes. The business firm acquiring earned credits, hereinafter designated
10 the assignee, may use the amount of the acquired credits to offset up to
11 100% of its income, privilege or premium tax liability for the taxable year
12 in which such acquisition was made. Only the full credit amount for any
13 one contribution may be transferred and such credit may be transferred one
14 time. Unused credit amounts claimed by the assignee may be carried
15 forward for up to five years, except that all such amounts shall be claimed
16 within 10 years following the tax year in which the contribution was made.
17 The assignor shall enter into a written agreement with the assignee
18 establishing the terms and conditions of the agreement and shall perfect
19 such transfer by notifying the director of revenue in writing within 30
20 calendar days following the effective date of the transfer and shall provide
21 any information as may be required by the director of revenue to
22 administer and carry out the provisions of this section. The amount
23 received by the assignor of such tax credit shall be taxable as income of
24 the assignor, and the excess of the value of such credit over the amount
25 paid by the assignee for such credit shall be taxable as income of the
26 assignee.

27 (d) The secretary of revenue may adopt rules and regulations to
28 administer the provisions of this section.

29 (e) The provisions of this section shall be applicable to all taxable
30 years commencing after December 31, 2018.

31 New Sec. 2. (a) In addition to the income tax credit allowable
32 pursuant to section 1, and amendments thereto, a taxpayer shall be entitled
33 to a deduction from Kansas adjusted gross income with respect to the
34 amortization of the amortizable costs of equipment for the installation of
35 broadband in a rural area. Such amortization deduction shall be an amount
36 equal to 55% of the amortizable costs of such equipment for new
37 broadband in a rural area for the first taxable year in which such
38 equipment was installed and 5% of the amortizable costs of such new
39 equipment for new broadband in a rural area for each of the next nine
40 taxable years.

41 (b) The election of the taxpayer to claim the deduction allowed by
42 subsection (a) shall be made by filing a statement of such election with the
43 secretary of revenue in the manner and form and within the time

1 prescribed by rules and regulations adopted by the secretary.

2 (c) The provisions of this section shall apply to all taxable years
3 commencing after December 31, 2018.

4 (d) The secretary of revenue shall adopt such rules and regulations as
5 deemed necessary to carry out the provisions of this section.

6 (e) As used in this section, terms have the meanings provided by
7 section 1, and amendments thereto.

8 Sec. 3. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read as
9 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
10 means such individual's federal adjusted gross income for the taxable year,
11 with the modifications specified in this section.

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

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

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

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

36 (iv) Federal income tax refunds received by the taxpayer if the
37 deduction of the taxes being refunded resulted in a tax benefit for Kansas
38 income tax purposes during a prior taxable year. Such refunds shall be
39 included in income in the year actually received regardless of the method
40 of accounting used by the taxpayer. For purposes hereof, a tax benefit shall
41 be deemed to have resulted if the amount of the tax had been deducted in
42 determining income subject to a Kansas income tax for a prior year
43 regardless of the rate of taxation applied in such prior year to the Kansas

1 taxable income, but only that portion of the refund shall be included as
2 bears the same proportion to the total refund received as the federal taxes
3 deducted in the year to which such refund is attributable bears to the total
4 federal income taxes paid for such year. For purposes of the foregoing
5 sentence, federal taxes shall be considered to have been deducted only to
6 the extent such deduction does not reduce Kansas taxable income below
7 zero.

8 (v) The amount of any depreciation deduction or business expense
9 deduction claimed on the taxpayer's federal income tax return for any
10 capital expenditure in making any building or facility accessible to the
11 handicapped, for which expenditure the taxpayer claimed the credit
12 allowed by K.S.A. 79-32,177, and amendments thereto.

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

16 (vii) The amount of any charitable contribution made to the extent the
17 same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
18 32,196, and amendments thereto.

19 (viii) The amount of any costs incurred for improvements to a swine
20 facility, claimed for deduction in determining federal adjusted gross
21 income, to the extent the same is claimed as the basis for any credit
22 allowed pursuant to K.S.A. 2017 Supp. 79-32,204, and amendments
23 thereto.

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

30 (x) Amounts received as nonqualified withdrawals, as defined by
31 K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of
32 contribution to a family postsecondary education savings account, such
33 amounts were subtracted from the federal adjusted gross income pursuant
34 to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
35 are not already included in the federal adjusted gross income.

36 (xi) The amount of any contribution made to the same extent the
37 same is claimed as the basis for the credit allowed pursuant to K.S.A. 2017
38 Supp. 74-50,154, and amendments thereto.

39 (xii) For taxable years commencing after December 31, 2004,
40 amounts received as withdrawals not in accordance with the provisions of
41 K.S.A. 2017 Supp. 74-50,204, and amendments thereto, if, at the time of
42 contribution to an individual development account, such amounts were
43 subtracted from the federal adjusted gross income pursuant to subsection

1 (c)(xiii), or if such amounts are not already included in the federal adjusted
2 gross income.

3 (xiii) The amount of any expenditures claimed for deduction in
4 determining federal adjusted gross income, to the extent the same is
5 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.
6 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

7 (xiv) The amount of any amortization deduction claimed in
8 determining federal adjusted gross income to the extent the same is
9 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,221, and
10 amendments thereto.

11 (xv) The amount of any expenditures claimed for deduction in
12 determining federal adjusted gross income, to the extent the same is
13 claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp.
14 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233
15 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-
16 32,248 or 79-32,251 through 79-32,254, and amendments thereto.

17 (xvi) The amount of any amortization deduction claimed in
18 determining federal adjusted gross income to the extent the same is
19 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,227, 79-
20 32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments
21 thereto.

22 (xvii) The amount of any amortization deduction claimed in
23 determining federal adjusted gross income to the extent the same is
24 claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,256, and
25 amendments thereto.

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

36 (xix) For taxable years beginning after December 31, 2012, and
37 ending before January 1, 2017, the amount of any: (1) Loss from business
38 as determined under the federal internal revenue code and reported from
39 schedule C and on line 12 of the taxpayer's form 1040 federal individual
40 income tax return; (2) loss from rental real estate, royalties, partnerships, S
41 corporations, except those with wholly owned subsidiaries subject to the
42 Kansas privilege tax, estates, trusts, residual interest in real estate
43 mortgage investment conduits and net farm rental as determined under the

1 federal internal revenue code and reported from schedule E and on line 17
2 of the taxpayer's form 1040 federal individual income tax return; and (3)
3 farm loss as determined under the federal internal revenue code and
4 reported from schedule F and on line 18 of the taxpayer's form 1040
5 federal income tax return; all to the extent deducted or subtracted in
6 determining the taxpayer's federal adjusted gross income. For purposes of
7 this subsection, references to the federal form 1040 and federal schedule
8 C, schedule E, and schedule F, shall be to such form and schedules as they
9 existed for tax year 2011, and as revised thereafter by the internal revenue
10 service.

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

19 (xxi) For taxable years beginning after December 31, 2012, and
20 ending before January 1, 2017, the amount of any deduction for pension,
21 profit sharing, and annuity plans of self-employed individuals under
22 section 62(a)(6) of the federal internal revenue code as in effect on January
23 1, 2012, and amendments thereto, in determining the federal adjusted gross
24 income of an individual taxpayer.

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

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

35 (xxiv) For taxable years commencing after December 31, 2013, that
36 portion of the amount of any expenditure deduction claimed in
37 determining federal adjusted gross income for expenses paid for medical
38 care of the taxpayer or the taxpayer's spouse or dependents when such
39 expenses were paid or incurred for an abortion, or for a health benefit plan,
40 as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, for the
41 purchase of an optional rider for coverage of abortion in accordance with
42 K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that
43 such taxes and assessments are claimed as an itemized deduction for

1 federal income tax purposes.

2 (xxv) For taxable years commencing after December 31, 2013, that
3 portion of the amount of any expenditure deduction claimed in
4 determining federal adjusted gross income for expenses paid by a taxpayer
5 for health care when such expenses were paid or incurred for abortion
6 coverage, a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731,
7 and amendments thereto, when such expenses were paid or incurred for
8 abortion coverage or amounts contributed to health savings accounts for
9 such taxpayer's employees for the purchase of an optional rider for
10 coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and
11 amendments thereto, to the extent that such taxes and assessments are
12 claimed as a deduction for federal income tax purposes.

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

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

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

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

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

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

42 (vi) Accumulation distributions received by a taxpayer as a
43 beneficiary of a trust to the extent that the same are included in federal

1 adjusted gross income.

2 (vii) Amounts received as annuities under the federal civil service
3 retirement system from the civil service retirement and disability fund and
4 other amounts received as retirement benefits in whatever form which
5 were earned for being employed by the federal government or for service
6 in the armed forces of the United States.

7 (viii) Amounts received by retired railroad employees as a
8 supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and
9 228c (a)(1) et seq.

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

15 (x) For taxable years beginning after December 31, 1976, the amount
16 of the federal tentative jobs tax credit disallowance under the provisions of
17 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the
18 amount of the targeted jobs tax credit and work incentive credit
19 disallowances under 26 U.S.C. § 280 C.

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

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

26 (xiii) For taxable years beginning after December 31, 2004, amounts
27 contributed to and the amount of income earned on contributions deposited
28 to an individual development account under K.S.A. 2017 Supp. 74-50,201
29 et seq., and amendments thereto.

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

1 (xv) For all taxable years beginning after December 31, 2006,
2 amounts not exceeding \$3,000, or \$6,000 for a married couple filing a
3 joint return, for each designated beneficiary which are contributed to a
4 family postsecondary education savings account established under the
5 Kansas postsecondary education savings program or a qualified tuition
6 program established and maintained by another state or agency or
7 instrumentality thereof pursuant to section 529 of the internal revenue
8 code of 1986, as amended, for the purpose of paying the qualified higher
9 education expenses of a designated beneficiary at an institution of
10 postsecondary education. The terms and phrases used in this paragraph
11 shall have the meaning respectively ascribed thereto by the provisions of
12 K.S.A. 2017 Supp. 75-643, and amendments thereto, and the provisions of
13 such section are hereby incorporated by reference for all purposes thereof.

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

24 (xvii) For all taxable years beginning after December 31, 2004,
25 amounts received by taxpayers who are eligible members of the Kansas
26 army and air national guard as a reimbursement pursuant to K.S.A. 48-
27 281, and amendments thereto, and amounts received for death benefits
28 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section
29 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and
30 amendments thereto, to the extent that such death benefits are included in
31 federal adjusted gross income of the taxpayer.

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

43 (xix) Amounts received by retired employees of Washburn university

1 as retirement and pension benefits under the university's retirement plan.

2 (xx) For taxable years beginning after December 31, 2012, and
3 ending before January 1, 2017, the amount of any: (1) Net profit from
4 business as determined under the federal internal revenue code and
5 reported from schedule C and on line 12 of the taxpayer's form 1040
6 federal individual income tax return; (2) net income, not including
7 guaranteed payments as defined in section 707(c) of the federal internal
8 revenue code and as reported to the taxpayer from federal schedule K-1,
9 (form 1065-B), in box 9, code F or as reported to the taxpayer from federal
10 schedule K-1, (form 1065) in box 4, from rental real estate, royalties,
11 partnerships, S corporations, estates, trusts, residual interest in real estate
12 mortgage investment conduits and net farm rental as determined under the
13 federal internal revenue code and reported from schedule E and on line 17
14 of the taxpayer's form 1040 federal individual income tax return; and (3)
15 net farm profit as determined under the federal internal revenue code and
16 reported from schedule F and on line 18 of the taxpayer's form 1040
17 federal income tax return; all to the extent included in the taxpayer's
18 federal adjusted gross income. For purposes of this subsection, references
19 to the federal form 1040 and federal schedule C, schedule E, and schedule
20 F, shall be to such form and schedules as they existed for tax year 2011
21 and as revised thereafter by the internal revenue service.

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

38 (xxii) For taxable years beginning after December 31, 2012, and
39 ending before January 1, 2017, the amount of net gain from the sale of: (1)
40 Cattle and horses, regardless of age, held by the taxpayer for draft,
41 breeding, dairy or sporting purposes, and held by such taxpayer for 24
42 months or more from the date of acquisition; and (2) other livestock,
43 regardless of age, held by the taxpayer for draft, breeding, dairy or

1 sporting purposes, and held by such taxpayer for 12 months or more from
2 the date of acquisition. The subtraction from federal adjusted gross income
3 shall be limited to the amount of the additions recognized under the
4 provisions of subsection (b)(xix) attributable to the business in which the
5 livestock sold had been used. As used in this paragraph, the term
6 "livestock" shall not include poultry.

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

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

15 (xxv) *For all taxable years beginning after December 31, 2018, the*
16 *amount equal to the amount of rent paid for rental real estate of real*
17 *property used in providing broadband in a rural area as these terms are*
18 *defined in section 1, and amendments thereto.*

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

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

28 (f) No taxpayer shall be assessed penalties and interest from the
29 underpayment of taxes due to changes to this section that became law on
30 July 1, 2017, so long as such underpayment is rectified on or before April
31 17, 2018.

32 Sec. 4. K.S.A. 2017 Supp. 79-3606 is hereby amended to read as
33 follows: 79-3606. The following shall be exempt from the tax imposed by
34 this act:

35 (a) All sales of motor-vehicle fuel or other articles upon which a sales
36 or excise tax has been paid, not subject to refund, under the laws of this
37 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
38 3301, and amendments thereto, including consumable material for such
39 electronic cigarettes, cereal malt beverages and malt products as defined
40 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
41 malt syrup and malt extract, which is not subject to taxation under the
42 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
43 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed

1 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
2 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
3 thereto, and gross receipts from regulated sports contests taxed pursuant to
4 the Kansas professional regulated sports act, and amendments thereto;

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

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

28 (d) all sales of tangible personal property or services purchased by a
29 contractor for the purpose of constructing, equipping, reconstructing,
30 maintaining, repairing, enlarging, furnishing or remodeling facilities for
31 any public or private nonprofit hospital or public hospital authority, public
32 or private elementary or secondary school, a public or private nonprofit
33 educational institution, state correctional institution including a privately
34 constructed correctional institution contracted for state use and ownership,
35 which would be exempt from taxation under the provisions of this act if
36 purchased directly by such hospital or public hospital authority, school,
37 educational institution or a state correctional institution; and all sales of
38 tangible personal property or services purchased by a contractor for the
39 purpose of constructing, equipping, reconstructing, maintaining, repairing,
40 enlarging, furnishing or remodeling facilities for any political subdivision
41 of the state or district described in subsection (s), the total cost of which is
42 paid from funds of such political subdivision or district and which would
43 be exempt from taxation under the provisions of this act if purchased

1 directly by such political subdivision or district. Nothing in this subsection
2 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be
3 deemed to exempt the purchase of any construction machinery, equipment
4 or tools used in the constructing, equipping, reconstructing, maintaining,
5 repairing, enlarging, furnishing or remodeling facilities for any political
6 subdivision of the state or any such district. As used in this subsection,
7 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
8 political subdivision" shall mean general tax revenues, the proceeds of any
9 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
10 purpose of constructing, equipping, reconstructing, repairing, enlarging,
11 furnishing or remodeling facilities which are to be leased to the donor.
12 When any political subdivision of the state, district described in subsection
13 (s), public or private nonprofit hospital or public hospital authority, public
14 or private elementary or secondary school, public or private nonprofit
15 educational institution, state correctional institution including a privately
16 constructed correctional institution contracted for state use and ownership
17 shall contract for the purpose of constructing, equipping, reconstructing,
18 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
19 shall obtain from the state and furnish to the contractor an exemption
20 certificate for the project involved, and the contractor may purchase
21 materials for incorporation in such project. The contractor shall furnish the
22 number of such certificate to all suppliers from whom such purchases are
23 made, and such suppliers shall execute invoices covering the same bearing
24 the number of such certificate. Upon completion of the project the
25 contractor shall furnish to the political subdivision, district described in
26 subsection (s), hospital or public hospital authority, school, educational
27 institution or department of corrections concerned a sworn statement, on a
28 form to be provided by the director of taxation, that all purchases so made
29 were entitled to exemption under this subsection. As an alternative to the
30 foregoing procedure, any such contracting entity may apply to the
31 secretary of revenue for agent status for the sole purpose of issuing and
32 furnishing project exemption certificates to contractors pursuant to rules
33 and regulations adopted by the secretary establishing conditions and
34 standards for the granting and maintaining of such status. All invoices
35 shall be held by the contractor for a period of five years and shall be
36 subject to audit by the director of taxation. If any materials purchased
37 under such a certificate are found not to have been incorporated in the
38 building or other project or not to have been returned for credit or the sales
39 or compensating tax otherwise imposed upon such materials which will
40 not be so incorporated in the building or other project reported and paid by
41 such contractor to the director of taxation not later than the 20th day of the
42 month following the close of the month in which it shall be determined
43 that such materials will not be used for the purpose for which such

1 certificate was issued, the political subdivision, district described in
2 subsection (s), hospital or public hospital authority, school, educational
3 institution or the contractor contracting with the department of corrections
4 for a correctional institution concerned shall be liable for tax on all
5 materials purchased for the project, and upon payment thereof it may
6 recover the same from the contractor together with reasonable attorney
7 fees. Any contractor or any agent, employee or subcontractor thereof, who
8 shall use or otherwise dispose of any materials purchased under such a
9 certificate for any purpose other than that for which such a certificate is
10 issued without the payment of the sales or compensating tax otherwise
11 imposed upon such materials, shall be guilty of a misdemeanor and, upon
12 conviction therefor, shall be subject to the penalties provided for in K.S.A.
13 79-3615(h), and amendments thereto;

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

1 amendments thereto;

2 (f) tangible personal property purchased by a railroad or public utility
3 for consumption or movement directly and immediately in interstate
4 commerce;

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

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

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

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

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

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

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

41 (n) all sales of tangible personal property which is consumed in the
42 production, manufacture, processing, mining, drilling, refining or
43 compounding of tangible personal property, the treating of by-products or

1 wastes derived from any such production process, the providing of
2 services or the irrigation of crops for ultimate sale at retail within or
3 without the state of Kansas; and any purchaser of such property may
4 obtain from the director of taxation and furnish to the supplier an
5 exemption certificate number for tangible personal property for
6 consumption in such production, manufacture, processing, mining,
7 drilling, refining, compounding, treating, irrigation and in providing such
8 services;

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

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

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

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

1 and which is appropriate for use either in a home or a motor vehicle; is not
2 generally used by persons with normal mobility; and does not include any
3 motor vehicle or equipment on a motor vehicle normally provided by a
4 motor vehicle manufacturer; and (2) "prosthetic device" means a
5 replacement, corrective or supportive device including repair and
6 replacement parts for same worn on or in the body to artificially replace a
7 missing portion of the body, prevent or correct physical deformity or
8 malfunction or support a weak or deformed portion of the body;

9 (s) except as provided in K.S.A. 2017 Supp. 82a-2101, and
10 amendments thereto, all sales of tangible personal property or services
11 purchased directly or indirectly by a groundwater management district
12 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
13 amendments thereto, by a rural water district organized or operating under
14 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
15 supply district organized or operating under the authority of K.S.A. 19-
16 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
17 property or services are used in the construction activities, operation or
18 maintenance of the district;

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

1 operation of a nursery;

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

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

18 (w) all sales of natural gas, electricity, heat and water delivered
19 through mains, lines or pipes: (1) To residential premises for
20 noncommercial use by the occupant of such premises; (2) for agricultural
21 use and also, for such use, all sales of propane gas; (3) for use in the
22 severing of oil; and (4) to any property which is exempt from property
23 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this
24 paragraph, "severing" shall have the meaning ascribed thereto by K.S.A.
25 79-4216(k), and amendments thereto. For all sales of natural gas,
26 electricity and heat delivered through mains, lines or pipes pursuant to the
27 provisions of subsection (w)(1) and (w)(2), the provisions of this
28 subsection shall expire on December 31, 2005;

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

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

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

39 (aa) all sales of materials and services applied to equipment which is
40 transported into the state from without the state for repair, service,
41 alteration, maintenance, remanufacture or modification and which is
42 subsequently transported outside the state for use in the transmission of
43 liquids or natural gas by means of pipeline in interstate or foreign

1 commerce under authority of the laws of the United States;

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

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

1 K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
2 and have not expired will be effective for the term of the project or two
3 years from the effective date of the certificate, whichever occurs earlier.
4 Project exemption certificates that are submitted to the department of
5 revenue prior to January 1, 2012, and are found to qualify will be issued a
6 project exemption certificate that will be effective for a two-year period or
7 for the term of the project, whichever occurs earlier;

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

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

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

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

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

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

40 (jj) all sales of tangible personal property or services, including the
41 renting and leasing of tangible personal property, purchased directly on
42 behalf of a community-based facility for people with intellectual disability
43 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and

1 amendments thereto, and licensed in accordance with the provisions of
2 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
3 personal property or services purchased by contractors during the time
4 period from July, 2003, through June, 2006, for the purpose of
5 constructing, equipping, maintaining or furnishing a new facility for a
6 community-based facility for people with intellectual disability or mental
7 health center located in Riverton, Cherokee County, Kansas, which would
8 have been eligible for sales tax exemption pursuant to this subsection if
9 purchased directly by such facility or center. This exemption shall not
10 apply to tangible personal property customarily used for human habitation
11 purposes;

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

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

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

19 (2) For purposes of this subsection:

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

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

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

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

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

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

43 (3) For purposes of this subsection, machinery and equipment shall

1 be deemed to be used as an integral or essential part of an integrated
2 production operation when used:

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

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

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

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

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

16 (F) to plan, manage, control or record the receipt and flow of
17 inventories of raw materials, consumables and component parts, the flow
18 of the property undergoing manufacturing or processing and the
19 management of inventories of the finished product;

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

23 (H) to package the property being manufactured or processed in a
24 container or wrapping in which such property is normally sold or
25 transported;

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

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

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

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

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

42 (4) The following machinery, equipment and materials shall be
43 deemed to be exempt even though it may not otherwise qualify as

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

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

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

31 (B) machinery, equipment and tools used primarily in maintaining
32 and repairing any type of machinery and equipment or the building and
33 plant;

34 (C) transportation, transmission and distribution equipment not
35 primarily used in a production, warehousing or material handling
36 operation at the plant or facility, including the means of conveyance of
37 natural gas, electricity, oil or water, and equipment related thereto, located
38 outside the plant or facility;

39 (D) office machines and equipment including computers and related
40 peripheral equipment not used directly and primarily to control or measure
41 the manufacturing process;

42 (E) furniture and other furnishings;

43 (F) buildings, other than exempt machinery and equipment that is

1 permanently affixed to or becomes a physical part of the building, and any
2 other part of real estate that is not otherwise exempt;

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

6 (H) machinery and equipment used for general plant heating, cooling
7 and lighting;

8 (I) motor vehicles that are registered for operation on public
9 highways; or

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

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

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

23 (ll) all sales of educational materials purchased for distribution to the
24 public at no charge by a nonprofit corporation organized for the purpose of
25 encouraging, fostering and conducting programs for the improvement of
26 public health, except that for taxable years commencing after December
27 31, 2013, this subsection shall not apply to any sales of such materials
28 purchased by a nonprofit corporation which performs any abortion, as
29 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

42 (qq) all sales of tangible personal property and services purchased by
43 a nonprofit museum or historical society or any combination thereof,

1 including a nonprofit organization which is organized for the purpose of
2 stimulating public interest in the exploration of space by providing
3 educational information, exhibits and experiences, which is exempt from
4 federal income taxation pursuant to section 501(c)(3) of the federal
5 internal revenue code of 1986;

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

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

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

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

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

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

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

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

40 (4) the American diabetes association Kansas affiliate, inc. for the
41 purpose of eliminating diabetes through medical research, public education
42 focusing on disease prevention and education, patient education including
43 information on coping with diabetes, and professional education and

1 training;

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

7 (6) the Kansas chapters of the Alzheimer's disease and related
8 disorders association, inc. for the purpose of providing assistance and
9 support to persons in Kansas with Alzheimer's disease, and their families
10 and caregivers;

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

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

17 (9) the heartstrings community foundation for the purpose of
18 providing training, employment and activities for adults with
19 developmental disabilities;

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

23 (11) the spina bifida association of Kansas for the purpose of
24 providing financial, educational and practical aid to families and
25 individuals with spina bifida. Such aid includes, but is not limited to,
26 funding for medical devices, counseling and medical educational
27 opportunities;

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

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

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

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

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

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

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

10 (19) the international association of lions clubs for the purpose of
11 creating and fostering a spirit of understanding among all people for
12 humanitarian needs by providing voluntary services through community
13 involvement and international cooperation;

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

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

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

24 (23) the angel babies association, for the purpose of providing
25 assistance, support and items of necessity to teenage mothers and their
26 babies; and

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

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

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

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

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

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

1 essential or necessary for the purpose of producing a broadcast signal or is
2 such that the failure of the electricity would cause broadcasting to cease;

3 (aaa) all sales of tangible personal property and services purchased by
4 a religious organization which is exempt from federal income taxation
5 pursuant to section 501(c)(3) of the federal internal revenue code, and used
6 exclusively for religious purposes, and all sales of tangible personal
7 property or services purchased by a contractor for the purpose of
8 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
9 furnishing or remodeling facilities for any such organization which would
10 be exempt from taxation under the provisions of this section if purchased
11 directly by such organization. Nothing in this subsection shall be deemed
12 to exempt the purchase of any construction machinery, equipment or tools
13 used in the constructing, equipping, reconstructing, maintaining, repairing,
14 enlarging, furnishing or remodeling facilities for any such organization.
15 When any such organization shall contract for the purpose of constructing,
16 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
17 remodeling 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 such organization
24 concerned 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, such organization concerned 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 Sales tax paid on and after July 1, 1998, but prior to the effective date of
3 this act upon the gross receipts received from any sale exempted by the
4 amendatory provisions of this subsection shall be refunded. Each claim for
5 a sales tax refund shall be verified and submitted to the director of taxation
6 upon forms furnished by the director and shall be accompanied by any
7 additional documentation required by the director. The director shall
8 review each claim and shall refund that amount of sales tax paid as
9 determined under the provisions of this subsection. All refunds shall be
10 paid from the sales tax refund fund upon warrants of the director of
11 accounts and reports pursuant to vouchers approved by the director or the
12 director's designee;

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

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

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

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

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

39 (fff) all sales of material handling equipment, racking systems and
40 other related machinery and equipment that is used for the handling,
41 movement or storage of tangible personal property in a warehouse or
42 distribution facility in this state; all sales of installation, repair and
43 maintenance services performed on such machinery and equipment; and

1 all sales of repair and replacement parts for such machinery and
2 equipment. For purposes of this subsection, a warehouse or distribution
3 facility means a single, fixed location that consists of buildings or
4 structures in a contiguous area where storage or distribution operations are
5 conducted that are separate and apart from the business' retail operations,
6 if any, and which do not otherwise qualify for exemption as occurring at a
7 manufacturing or processing plant or facility. Material handling and
8 storage equipment shall include aeration, dust control, cleaning, handling
9 and other such equipment that is used in a public grain warehouse or other
10 commercial grain storage facility, whether used for grain handling, grain
11 storage, grain refining or processing, or other grain treatment operation;

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

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

20 (iii) all sales of personal property and services purchased by an
21 organization which is exempt from federal income taxation pursuant to
22 section 501(c)(3) of the federal internal revenue code of 1986, and which
23 such personal property and services are used by any such organization in
24 the collection, storage and distribution of food products to nonprofit
25 organizations which distribute such food products to persons pursuant to a
26 food distribution program on a charitable basis without fee or charge, and
27 all sales of tangible personal property or services purchased by a
28 contractor for the purpose of constructing, equipping, reconstructing,
29 maintaining, repairing, enlarging, furnishing or remodeling facilities used
30 for the collection and storage of such food products for any such
31 organization which is exempt from federal income taxation pursuant to
32 section 501(c)(3) of the federal internal revenue code of 1986, which
33 would be exempt from taxation under the provisions of this section if
34 purchased directly by such organization. Nothing in this subsection shall
35 be deemed to exempt the purchase of any construction machinery,
36 equipment or tools used in the constructing, equipping, reconstructing,
37 maintaining, repairing, enlarging, furnishing or remodeling facilities for
38 any such organization. When any such organization shall contract for the
39 purpose of constructing, equipping, reconstructing, maintaining, repairing,
40 enlarging, furnishing or remodeling facilities, it shall obtain from the state
41 and furnish to the contractor an exemption certificate for the project
42 involved, and the contractor may purchase materials for incorporation in
43 such project. The contractor shall furnish the number of such certificate to

1 all suppliers from whom such purchases are made, and such suppliers shall
2 execute invoices covering the same bearing the number of such certificate.
3 Upon completion of the project the contractor shall furnish to such
4 organization concerned a sworn statement, on a form to be provided by the
5 director of taxation, that all purchases so made were entitled to exemption
6 under this subsection. All invoices shall be held by the contractor for a
7 period of five years and shall be subject to audit by the director of taxation.
8 If any materials purchased under such a certificate are found not to have
9 been incorporated in such facilities or not to have been returned for credit
10 or the sales or compensating tax otherwise imposed upon such materials
11 which will not be so incorporated in such facilities reported and paid by
12 such contractor to the director of taxation not later than the 20th day of the
13 month following the close of the month in which it shall be determined
14 that such materials will not be used for the purpose for which such
15 certificate was issued, such organization concerned shall be liable for tax
16 on all materials purchased for the project, and upon payment thereof it
17 may recover the same from the contractor together with reasonable
18 attorney fees. Any contractor or any agent, employee or subcontractor
19 thereof, who shall use or otherwise dispose of any materials purchased
20 under such a certificate for any purpose other than that for which such a
21 certificate is issued without the payment of the sales or compensating tax
22 otherwise imposed upon such materials, shall be guilty of a misdemeanor
23 and, upon conviction therefor, shall be subject to the penalties provided for
24 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
25 July 1, 2005, but prior to the effective date of this act upon the gross
26 receipts received from any sale exempted by the amendatory provisions of
27 this subsection shall be refunded. Each claim for a sales tax refund shall be
28 verified and submitted to the director of taxation upon forms furnished by
29 the director and shall be accompanied by any additional documentation
30 required by the director. The director shall review each claim and shall
31 refund that amount of sales tax paid as determined under the provisions of
32 this subsection. All refunds shall be paid from the sales tax refund fund
33 upon warrants of the director of accounts and reports pursuant to vouchers
34 approved by the director or the director's designee;

35 (jjj) all sales of dietary supplements dispensed pursuant to a
36 prescription order by a licensed practitioner or a mid-level practitioner as
37 defined by K.S.A. 65-1626, and amendments thereto. As used in this
38 subsection, "dietary supplement" means any product, other than tobacco,
39 intended to supplement the diet that: (1) Contains one or more of the
40 following dietary ingredients: A vitamin, a mineral, an herb or other
41 botanical, an amino acid, a dietary substance for use by humans to
42 supplement the diet by increasing the total dietary intake or a concentrate,
43 metabolite, constituent, extract or combination of any such ingredient; (2)

1 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or
2 liquid form, or if not intended for ingestion, in such a form, is not
3 represented as conventional food and is not represented for use as a sole
4 item of a meal or of the diet; and (3) is required to be labeled as a dietary
5 supplement, identifiable by the supplemental facts box found on the label
6 and as required pursuant to 21 C.F.R. § 101.36;

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

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

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

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

31 (ppp) all sales of tangible personal property and services purchased
32 by or on behalf of a homeless shelter which is exempt from federal income
33 taxation pursuant to section 501(c)(3) of the federal income tax code of
34 1986, and used by any such homeless shelter to provide emergency and
35 transitional housing for individuals and families experiencing
36 homelessness, and all sales of any such property by or on behalf of any
37 such homeless shelter for any such purpose;

38 (qqq) all sales of tangible personal property and services purchased
39 by TLC for children and families, inc., hereinafter referred to as TLC,
40 which is exempt from federal income taxation pursuant to section 501(c)
41 (3) of the federal internal revenue code of 1986, and which such property
42 and services are used for the purpose of providing emergency shelter and
43 treatment for abused and neglected children as well as meeting additional

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

40 (rrr) all sales of tangible personal property and services purchased by
41 any county law library maintained pursuant to law and sales of tangible
42 personal property and services purchased by an organization which would
43 have been exempt from taxation under the provisions of this subsection if

1 purchased directly by the county law library for the purpose of providing
2 legal resources to attorneys, judges, students and the general public, and
3 all sales of any such property by or on behalf of any such county law
4 library;

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

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

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

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

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

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

13 (vuv) all sales of tangible personal property or services, including the
14 renting and leasing of tangible personal property or services, purchased by
15 jazz in the woods, inc., a Kansas corporation which is exempt from federal
16 income taxation pursuant to section 501(c)(3) of the federal internal
17 revenue code, for the purpose of providing jazz in the woods, an event
18 benefiting children-in-need and other nonprofit charities assisting such
19 children, and all sales of any such property by or on behalf of such
20 organization for such purpose;

21 (www) all sales of tangible personal property purchased by or on
22 behalf of the Frontenac education foundation, which is exempt from
23 federal income taxation pursuant to section 501(c)(3) of the federal
24 internal revenue code, for the purpose of providing education support for
25 students, and all sales of any such property by or on behalf of such
26 organization for such purpose;

27 (xxx) all sales of personal property and services purchased by the
28 booth theatre foundation, inc., an organization which is exempt from
29 federal income taxation pursuant to section 501(c)(3) of the federal
30 internal revenue code of 1986, and which such personal property and
31 services are used by any such organization in the constructing, equipping,
32 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
33 of the booth theatre, and all sales of tangible personal property or services
34 purchased by a contractor for the purpose of constructing, equipping,
35 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
36 the booth theatre for such organization, which would be exempt from
37 taxation under the provisions of this section if purchased directly by such
38 organization. Nothing in this subsection shall be deemed to exempt the
39 purchase of any construction machinery, equipment or tools used in the
40 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
41 furnishing or remodeling facilities for any such organization. When any
42 such organization shall contract for the purpose of constructing, equipping,
43 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling

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

40 (yyy) all sales of tangible personal property and services purchased
41 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
42 which is exempt from federal income taxation pursuant to section 501(c)
43 (3) of the federal internal revenue code of 1986, and which such property

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

42 (zzz) all sales of tangible personal property purchased by the rotary
43 club of shawnee foundation which is exempt from federal income taxation

1 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
2 as amended, used for the purpose of providing contributions to community
3 service organizations and scholarships;

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

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

15 (cccc) all sales of tangible personal property or services purchased by
16 or on behalf of wayside waifs, 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 such organization's annual fundraiser, an
19 event whose purpose is to support the care of homeless and abandoned
20 animals, animal adoption efforts, education programs for children and
21 efforts to reduce animal over-population and animal welfare services, and
22 all sales of any such property, including entry or participation fees or
23 charges, by or on behalf of such organization for such purpose;

24 (dddd) all sales of tangible personal property or services purchased
25 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
26 of which are exempt from federal income taxation pursuant to section
27 501(c)(3) of the federal internal revenue code, for the purpose of providing
28 education, training and employment opportunities for people with
29 disabilities and other barriers to employment;

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

37 (ffff) all sales of tangible personal property and services purchased by
38 sheltered living, inc., which is exempt from federal income taxation
39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
40 and which such property and services are used for the purpose of
41 providing residential and day services for people with developmental
42 disabilities or intellectual disability, or both, and all sales of any such
43 property by or on behalf of sheltered living, inc., for any such purpose; and

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

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

42 (hhhh) all sales of tangible personal property or services purchased
43 on or after July 1, 2014, for the purpose of and in conjunction with

1 constructing, reconstructing, enlarging or remodeling a business identified
2 under the North American industry classification system (NAICS)
3 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
4 installation of machinery and equipment purchased for installation at any
5 such business. The exemption provided in this subsection shall not apply
6 to projects that have actual total costs less than \$50,000. When a person
7 contracts for the construction, reconstruction, enlargement or remodeling
8 of any such business, such person shall obtain from the state and furnish to
9 the contractor an exemption certificate for the project involved, and the
10 contractor may purchase materials, machinery and equipment for
11 incorporation in such project. The contractor shall furnish the number of
12 such certificates to all suppliers from whom such purchases are made, and
13 such suppliers shall execute invoices covering the same bearing the
14 number of such certificate. Upon completion of the project, the contractor
15 shall furnish to the owner of the business a sworn statement, on a form to
16 be provided by the director of taxation, that all purchases so made were
17 entitled to exemption under this subsection. All invoices shall be held by
18 the contractor for a period of five years and shall be subject to audit by the
19 director of taxation. Any contractor or any agent, employee or
20 subcontractor of the contractor, who shall use or otherwise dispose of any
21 materials, machinery or equipment purchased under such a certificate for
22 any purpose other than that for which such a certificate is issued without
23 the payment of the sales or compensating tax otherwise imposed thereon,
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 (iii) all sales of tangible personal property or services purchased by a
28 contractor for the purpose of constructing, maintaining, repairing,
29 enlarging, furnishing or remodeling facilities for the operation of services
30 for Wichita children's home for any such purpose which would be exempt
31 from taxation under the provisions of this section if purchased directly by
32 Wichita children's home. Nothing in this subsection shall be deemed to
33 exempt the purchase of any construction machinery, equipment or tools
34 used in the constructing, maintaining, repairing, enlarging, furnishing or
35 remodeling such facilities for Wichita children's home. When Wichita
36 children's home contracts for the purpose of constructing, maintaining,
37 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
38 from the state and furnish to the contractor an exemption certificate for the
39 project involved, and the contractor may purchase materials for
40 incorporation in such project. The contractor shall furnish the number of
41 such certificate to all suppliers from whom such purchases are made, and
42 such suppliers shall execute invoices covering the same bearing the
43 number of such certificate. Upon completion of the project, the contractor

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

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

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

34 (llll) all sales of tangible personal property and services purchased by
35 Gove county healthcare endowment foundation, inc., which is exempt
36 from federal income taxation pursuant to section 501(c)(3) of the federal
37 internal revenue code of 1986, and which such property and services are
38 used for the purpose of constructing and equipping an airport in Quinter,
39 Kansas, and all sales of tangible personal property or services purchased
40 by a contractor for the purpose of constructing and equipping an airport in
41 Quinter, Kansas, for such organization, which would be exempt from
42 taxation under the provisions of this section if purchased directly by such
43 organization. Nothing in this subsection shall be deemed to exempt the

1 purchase of any construction machinery, equipment or tools used in the
2 constructing or equipping of facilities for such organization. When such
3 organization shall contract for the purpose of constructing or equipping an
4 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
5 contractor an exemption certificate for the project involved, and the
6 contractor may purchase materials for incorporation in such project. The
7 contractor shall furnish the number of such certificate to all suppliers from
8 whom such purchases are made, and such suppliers shall execute invoices
9 covering the same bearing the number of such certificate. Upon
10 completion of the project, the contractor shall furnish to such organization
11 concerned a sworn statement, on a form to be provided by the director of
12 taxation, that all purchases so made were entitled to exemption under this
13 subsection. All invoices shall be held by the contractor for a period of five
14 years and shall be subject to audit by the director of taxation. If any
15 materials purchased under such a certificate are found not to have been
16 incorporated in such facilities or not to have been returned for credit or the
17 sales or compensating tax otherwise imposed upon such materials which
18 will not be so incorporated in such facilities reported and paid by such
19 contractor to the director of taxation no later than the 20th day of the month
20 following the close of the month in which it shall be determined that such
21 materials will not be used for the purpose for which such certificate was
22 issued, such organization concerned shall be liable for tax on all materials
23 purchased for the project, and upon payment thereof it may recover the
24 same from the contractor together with reasonable attorney fees. Any
25 contractor or any agent, employee or subcontractor thereof, who purchased
26 under such a certificate for any purpose other than that for which such a
27 certificate is issued without the payment of the sales or compensating tax
28 otherwise imposed upon such materials, shall be guilty of a misdemeanor
29 and, upon conviction therefor, shall be subject to the penalties provided for
30 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
31 subsection shall expire and have no effect on and after July 1, 2019; and
32 *(mmmm) all sales of tangible personal property used to provide*
33 *broadband in a rural area as these terms are defined in section 1, and*
34 *amendments thereto.*

35 Sec. 5. K.S.A. 2017 Supp. 79-32,117 and 79-3606 are hereby
36 repealed.

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