AN ACT concerning economic development; enacting the attracting powerful economic expansion act; relating to tax and other incentives for projects in specified industries or for a national corporate headquarters with specified capital investment requirements of at least $1,000,000,000; providing for a refundable income, privilege and premium tax credit for a portion of such investment; reimbursement of certain payroll costs and training and education costs; retention of certain payroll withholding taxes; sales tax exemption for project construction and a property tax incentive for certain projects located in a foreign trade zone; establishing the attracting powerful economic expansion payroll incentive fund and the attracting powerful economic expansion new employee training and education fund; amending K.S.A. 2021 Supp. 79-3606 and repealing the existing section.

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

New Section 1. (a) This act shall be known and may be cited as the attracting powerful economic expansion act.

(b) For purposes of the attracting powerful economic expansion act:

(1) "Act" means the attracting powerful economic expansion act, sections 1 through 11, and amendments thereto.

(2) "Applicant" means a legal entity seeking to certify as a qualified firm for the economic development benefits pursuant to this act.

(3) "Commence investment" means to begin to invest, with action being directly connected to documentation describing the project previously submitted to the department.

(4) "Commencement of commercial operations" means the date, as determined by the secretary, that the qualified business facility is first available for use by the qualified firm, or first capable of being used by the qualified firm, in the revenue producing enterprise in which the qualified firm intends to use the qualified business facility.

(5) "Commitment to invest" means one or both of the following:

(A) The qualified firm relocates assets that it already owns to Kansas from an out-of-state location; or

(B) the qualified firm enters into a written agreement that provides either party with legally enforceable remedies if the agreement is breached.
"Department" means the Kansas department of commerce.

(6) "Headquarters" means a qualified business facility that meets the following conditions:
(A) The main activity at the qualified business facility is providing direction, management, or administrative support for the operation of multiple company-owned worksites or facilities in which the applicant company has an ownership interest greater than 50%; and
(B) the qualified business facility is capable of being geographically located anywhere.

(7) "New employee" means a qualified business facility employee who is newly employed by the qualified firm or qualified supplier in the qualified firm or qualified supplier's business operating in Kansas during the taxable year for which benefits are sought. Qualified business facility employees performing functions directly related to a relocating, expanding, or new business facility, office, department or other operation shall be considered "new employees."

(8) "On-the-job training" means training situations during which a product or service that can be sold or used in internal operations is generated.

(9) "Qualified business facility" means a facility as defined in subparagraph (C) that satisfies the requirements of subparagraphs (A) and (B):
(A) Such facility is for use by the qualified firm in the operation of a revenue producing enterprise, as defined in this section. Such facility shall not be considered a "qualified business facility" in the hands of the qualified firm if the qualified firm's only activity with respect to such facility is to lease it to another person or persons. If the qualified firm employs only a portion of such facility in the operation of a revenue producing enterprise, and leases another portion of such facility to another person or persons or does not otherwise use such other portions in the operation of a revenue producing enterprise, the portion employed by the qualified firm in the operation of a revenue producing enterprise shall be considered a "qualified business facility," if the requirements of subparagraph (B) are satisfied.
(B) If such facility was acquired or leased by the qualified firm from another person or persons, the facility was not used, either immediately prior to the transfer of title to the qualified firm, or to the commencement of the term of the lease to the qualified firm, by any other person or persons in the operation of a revenue producing enterprise that is the same or substantially the same as the revenue producing enterprise continued by the qualified firm at the facility.
(C) "Facility" means any factory, mill, plant, refinery, warehouse, building or complex of buildings located within the state, including the
land on which such facility is located and all machinery, equipment and
other real and tangible personal property located at or within such facility
used in connection with the operation of such facility. "Building" means
only structures within which individuals are customarily employed or that
are customarily used to house machinery, equipment or other property.

(10) (A) "Qualified business facility employee" means a person
employed in Kansas by a qualified firm in the operation of a qualified
business facility or by a qualified supplier in the qualified supplier's
business operating in Kansas during the taxable year for which the benefits
allowed by this act are claimed. Such person shall be deemed to be so
employed if such person performs duties in Kansas in connection with the
operation of the qualified business facility by a qualified firm or the
business operating in Kansas of the qualified supplier on a:

(i) Regular, full-time basis;

(ii) part-time basis, provided such person is customarily performing
such duties at least 20 hours per week throughout the taxable year; or

(iii) seasonal basis, provided such person performs such duties for
substantially all of the season customary for the position in which such
person is employed.

(B) "Qualified business facility employee" does not include an
independent contractor.

(11) "Qualified business facility investment" or "qualified
investment" means the value of the real and tangible personal property,
except inventory or property held for sale to customers in the ordinary
course of the qualified firm's business, that constitutes the qualified
business facility, or that is used by the qualified firm in the operation of the
qualified business facility, including such property used for administrative
or managerial functions, during the taxable years for which the credit
allowed by sections 2 and 3, and amendments thereto, is claimed. The
value of such property during such taxable year shall be:

(A) Such property's original cost if owned by the qualified firm; or

(B) eight times the net annual rental rate, if leased by the qualified
firm. The net annual rental rate shall be the annual rental rate paid by the
qualified firm less any annual rental rate received by the qualified firm
from subrentals. The "qualified business facility investment" shall be
determined by dividing by 12 the sum of the total value of such property
on the last business day of each calendar month of the taxable year.
Notwithstanding the provisions of this paragraph, for the purpose of
computing the credit allowed by section 3, and amendments thereto, in the
case of a "qualified business facility investment" in a qualified business
facility that existed and was operated by the qualified firm or a related
taxpayer prior to the investment, the amount of the qualified firm's
investment shall be computed as follows: Such investment amount shall be
reduced by the average amount, computed as provided in this paragraph, of the investment of the qualified firm or a related taxpayer in the facility for the taxable year preceding the taxable year in which the "qualified business facility investment" was made in the facility.

(12) (A) "Qualified firm" means a for-profit business establishment, subject to state income, sales or property taxes, that is:

(i) Engaged in one or more of the following industries, as defined by the secretary of commerce:

(a) Advanced manufacturing;
(b) aerospace;
(c) distribution, logistics and transportation;
(d) food and agriculture; or
(e) professional and technical services; or
(ii) engaged in any industry or revenue-producing activity if seeking benefits with respect to a qualified business facility that is the national corporate headquarters of the for-profit business establishment.

(B) Notwithstanding clauses (i) and (ii), "qualified firm" does not include a business establishment engaged in mining, swine production, ranching or gaming.

(13) "Qualified supplier" means any business that:

(A) Is located in Kansas;
(B) is a supplier of components, sub-assemblies, chemicals or other process-related tangible goods;
(C) is owned by an individual, any partnership, association, limited liability corporation or corporation domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation; and
(D) does business primarily in Kansas or does substantially all of such business production in Kansas.

(14) "Revenue producing enterprise" means an enterprise that creates revenue subject to potential tax liability in this state.

(15) "Secretary" means the secretary of commerce.

(16) (A) "Total payroll cost" means the payroll amount defined by the Kansas department of labor as total wages on the quarterly wage report and unemployment tax return. For a qualified business facility, "total payroll cost" during the appropriate measurement period may be combined with any pretax earnings in which an employee has elected to direct to a:

(i) Flexible-spending plan;
(ii) deferred compensation plan; or
(iii) retirement plan that includes earnings the employee would otherwise have received in the form of taxable wages had it not been for the voluntary deferral.

(B) "Total payroll cost" does not include company-paid costs for
health insurance, dental insurance and any other employee benefits that are
not reported to the Kansas department of labor on the employer's quarterly
wage report.

(17) "Training and education eligible expense" means the amount
actually paid for training and education of the group of employees, or
portion thereof, and from which the qualified firm or qualified supplier
expects to derive increased productivity or quality.

(A) "Training and education eligible expense" includes instructor
salaries, curriculum planning and development, travel, materials and
supplies, textbooks, manuals, minor training equipment, certain training
facility costs and any other expenditure that is eligible under the Kansas
industrial training or the Kansas industrial retraining programs.

(B) "Training and education eligible expense" may include, subject to
maximum limits determined by the secretary:

(i) Wages of employees during eligible training;
(ii) employee instructors' salaries; and
(iii) training-related travel expenses, with a maximum meals
allowance of $120 per day and lodging costs of $300 per night.

(C) "Training and education eligible expense" does not include:

(i) Compensation paid to an employee trainee who is receiving on-
the-job training;
(ii) compensation paid to an employee during self-training, except for
time in which the employee is involved in activities related to an approved
computerized course of study;
(iii) bonus pay received as compensation related to the company's
financial performance or the employee's job performance, or both;
(iv) overtime pay, unless the employee is being paid at an overtime
rate while participating in eligible training;
(v) operations manuals and reference manuals manuals, except that
training-specific manuals may be allowable; and
(vi) training and education costs covered by monies or grants
obtained from state, federal or other government-sponsored workforce
training programs.

New Sec. 2. (a) There is hereby established the attracting powerful
economic expansion program to be administered by the secretary of
commerce. The purpose of the attracting powerful economic expansion
program is to attract large capital investments by businesses engaged in
specified industries in new business facilities and operations in Kansas, or
large capital investments in new national headquarters in Kansas by any
business, and to encourage the development of a Kansas-based supply
chain for such large enterprises.

(b) A qualified firm that makes a qualified business investment of at
least $1,000,000,000 in a qualified business facility pursuant to the
requirements of this act may be eligible for the following incentives as
approved by the secretary:

(1) The investment tax credit pursuant to section 3, and amendments
thereto;

(2) reimbursement of a percentage of total payroll, pursuant to
sections 5 and 6, and amendments thereto;

(3) reimbursement of any eligible employee training and education
expense pursuant to sections 7 and 8, and amendments thereto;

(4) a partial real property tax exemption for qualified business
facilities that are manufacturing facilities or headquarters located in
foreign trade zones pursuant to section 9, and amendments thereto; and

(5) a sales tax exemption for construction costs of the qualified
business facility pursuant to K.S.A. 79-3606, and amendments thereto, and
section 10, and amendments thereto.

(c) To be eligible to receive an incentive listed in subsection (b), a
qualified firm shall meet the requirements of this act, including any
requirements or provisions specific to each such incentive, and any rules
and regulations of the secretary pursuant to this act and shall:

(1) Submit an application to the secretary in the form and manner
prescribed by the secretary and including all information as required by the
secretary;

(2) if requested by the secretary, prior to making a commitment to
invest in a qualified business facility, submit a certificate of intent to invest
in the qualified business facility to the secretary in the form and manner
required by the secretary, including, if requested by the secretary, a date
investment will commence;

(3) commit to a qualified business investment of at least
$1,000,000,000 in the qualified business facility to be completed within
five years of the commitment to invest on such date specified in the
agreement pursuant to paragraph (5);

(4) complete the project and commence commercial operations within
five years of either the commitment to invest or the date of the agreement
with the secretary made pursuant to this section, as designated by the
secretary and on such date as specified in the agreement pursuant to
paragraph (5);

(5) if the application is approved by the secretary, enter into a binding
agreement with the secretary with such terms and conditions as required
by the secretary and including the commitments required by this act. The
agreement shall be entered into before any benefits may be provided under
this act;

(6) obtain and submit a bond to the secretary if required as follows:
The secretary shall determine a minimum investment grade rating
requirement for each project of a qualified firm seeking benefits under this
act. In determining the minimum investment grade rating, the secretary shall consider the aspects of the qualified firm and the qualified business facility or project and shall consult ratings from three nationally recognized rating agencies selected by the secretary that provide investment grade ratings. A qualifying firm or qualifying business facility that does not meet the minimum investment grade rating determined by the secretary shall obtain and submit a bond in an amount, as determined by the secretary, of the costs associated with the primary construction of the building or buildings of the qualified business facility to a degree of completion specified by the secretary. The bond shall be paid to the state if, in the judgment of the secretary, the qualified business facility has not been constructed to the degree specified; and

(7) commit to repayment of the amount of all benefits received under this act exceeding payment of the bond submitted pursuant to paragraph (6), in the event that the requirements of this act, rules and regulations of the secretary pursuant to this act or the terms and conditions of the agreement pursuant to paragraph (5) are not met.

(d) A qualified supplier, that meets the requirements of paragraphs (1) and (2), as determined by the secretary, may be eligible for the incentives listed in subsection (b)(1), (3), (4) or (5) or a partial retention of payroll withholding taxes for employees as provided by section 4, and amendments thereto, upon designation by a qualified firm as eligible for incentives pursuant to paragraph (1). No benefits under sections 4 or 7 shall be awarded to the qualified supplier until the commencement of such qualified firm's operations at the qualified business facility, as determined by the secretary. If the qualified business facility fails to commence operations as required by subsection (c)(4), all incentives that may have been awarded to the qualified supplier under this act shall be forfeited and the qualified supplier shall cease to be eligible for further benefits until the requirements of this act are met with respect to the same qualified firm that has entered into a new agreement with the secretary or a different qualified firm. To be eligible to receive benefits, a qualified supplier shall meet the requirements of this act, including any requirements or provisions specific to each such incentive, and any rules and regulations of the secretary pursuant to this act and shall:

(1) Be selected by the qualified firm as a qualified supplier eligible to receive incentives under this act and identified to the secretary of commerce. Not more than five qualified suppliers may be selected by any one qualified firm. Such selection shall be effective for a period of five years or the time period that an incentive under this act has been approved for the qualified supplier by the secretary. The secretary may specify a lesser period;

(2) within each period of one year for which incentives may be
earned, beginning with the year in which the qualified supplier was
designated as eligible for benefits by the qualified firm, have made sales,
as defined by the secretary, of more than $10,000,000 to the qualified
business facility. This requirement may be waived by the secretary upon a
showing of exceptional circumstances;

(3) submit an application to the secretary, in the form and manner as
designated by the secretary, and provide all information requested by the
secretary, including, but not limited to, evidence establishing sales of more
than $10,000,000 to the qualified firm for the qualified business facility as
required by paragraph (2). The qualified firm shall submit evidence to the
secretary as requested regarding the date operations at the qualified
business facility commenced and the sales to the qualified business facility
by the qualified supplier;

(4) if the application is approved by the secretary, enter into a binding
agreement with the secretary with such terms and conditions as required
by the secretary and the commitments required by this act, including, but
not limited to, providing the secretary with evidence showing the amount
of sales to the qualified firm for each year that an incentive is claimed. The
agreement shall be entered into before any benefits may be provided under
this act; and

(5) if the qualified supplier meets the requirements for the investment
tax credit pursuant to section 3, and amendments thereto, commit to
repayment of the amount of all benefits received under this act in the event
the requirements of this act, any rules and regulations of the secretary
pursuant to this act or the terms and conditions of the agreement pursuant
to paragraph (4) are not met and the qualified supplier is disallowed in
whole or in part by the secretary.

(e) A qualified firm or qualified supplier that is approved by the
secretary for incentives under this act shall not be eligible for participation
in the promoting employment across Kansas program, the high
performance incentive program or the Kansas industrial training or Kansas
industrial retraining programs.

(f) As a condition of receiving an incentive under this act, a qualified
firm or qualified supplier shall agree to cooperate with any audit
undertaken by the secretary of revenue as provided by subsection (h) and
to provide the secretary of commerce:

(1) Information required for publication in the economic development
incentive program information database pursuant to K.S.A. 2021 Supp. 74-
50,226, and amendments thereto;

(2) information reasonably required for the secretary's report pursuant
to section 9, and amendments thereto;

(3) information required by the secretary of commerce or the
secretary of revenue pursuant to subsections (g) and (h); and
(4) reasonable access by the secretary or the secretary's agents to the qualified business facility during business hours.

(g) (1) The secretary shall conduct an annual review of the activities undertaken by a qualified firm or qualified supplier to ensure that the qualified firm or qualified supplier remains in good standing with the state and in compliance with the provisions of this act, any rules and regulations adopted by the secretary with respect to this act and any agreement entered into pursuant to this act and continues to meet the requirements for the benefits provided under this act. The secretary of commerce shall certify annually to the secretary of revenue that the qualified firm meets the criteria for designation as a qualified firm and is eligible for such benefits. The secretary of commerce may obtain any and all information reasonably necessary to determine such eligibility. Such information shall be confidential to the same extent as information provided to the secretary to determine eligibility pursuant to K.S.A. 74-50,131, and amendments thereto.

(2) Confidential financial information, any trade secret or other information that, if known, would place the qualified firm at a disadvantage in the marketplace or would significantly interfere with the purposes of this act in the judgment of the secretary that is obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et seq., and amendments thereto, but shall upon request be made available to the legislative post audit division. The provisions of this paragraph shall expire on July 1, 2027, unless the legislature reviews and reenacts such provisions pursuant to K.S.A. 45-229, and amendments thereto, prior to July 1, 2027.

(h) The books and records concerning investments made, sales, employment and wages of any employees for which the qualified firm, qualified supplier or third party has retained any Kansas payroll withholding taxes or any other financial, employee or other records that pertain to eligibility for benefits or compliance with the requirements of this act shall be available for inspection by the secretary or the secretary's duly authorized agents or employees during business hours on at least 10 days' prior written notice. The secretary may request the department of revenue to audit the qualified firm or qualified supplier, or a third party if applicable, for compliance with the provisions of this act.

(i) The secretary of revenue, in consultation with the secretary of commerce, shall develop a form that shall be completed annually by any qualified firm or qualified supplier that received any tax benefit pursuant to this section and section 3 or 4, and amendments thereto. Such form shall request, at a minimum, the information required by K.S.A. 79-32,243(a)(1) through (a)(6), and amendments thereto, and such other information as shall reasonably be required by the secretary of revenue and the secretary
of commerce. The contents of the completed form shall be confidential except as provided in K.S.A. 79-3234, and amendments thereto.

(j) The secretary of commerce or the secretary of revenue may adopt rules and regulations for the implementation of this act.

New Sec. 3. (a) For taxable years commencing after December 31, 2021, a qualified firm or qualified supplier that makes a qualified business investment in a qualified business facility and meets the requirements of section 2, and amendments thereto, and of this section shall be allowed a credit for such investment as provided by this section against the tax imposed by the Kansas income tax act, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto. The credit shall be earned by the taxpayer each taxable year based on the amount of the qualified investment made in that taxable year as further provided in this section. The amount of the credit that is earned each taxable year shall not be claimed by the taxpayer in the taxable year that such credit is earned but shall be divided into three equal portions or installments. In the case of a qualified firm, a \(\frac{1}{3}\) portion or installment shall be claimed by the qualified firm commencing with the taxable year after the credit is earned and a second and third such portion or installment, respectively, shall be claimed in each of the next successive two taxable years. In the case of a qualified supplier, a \(\frac{1}{3}\) portion or installment shall first be claimed commencing with the taxable year that the qualified firm that selected the qualified supplier as eligible for benefits under this act substantially completes the qualified business facility, as determined by the secretary.

(b) The amount of the tax credit earned in a taxable year shall be up to 15%, at the discretion of the secretary, of the amount of the qualified investment that is invested during such taxable year. In determining such percentage, the secretary shall consider factors including the extent of prospective new employment, the quality of new jobs and wage or salary levels, the total amount of investment, the potential for development of the industry in this state and the potential for ancillary industry development and indirect economic development. Such percentage shall be set forth in the agreement pursuant to section 2, and amendments thereto. The total qualified investment shall be completed within five taxable years commencing from the date of such agreement. In the case of a qualified firm, the total amount of the qualified investment shall be at least $1,000,000,000. The qualified firm or qualified supplier shall repay to the state all tax credits received if the total qualified investment is not completed.

(c) The secretary of commerce shall set forth in the agreement
pursuant to section 2, and amendments thereto, a percentage of the earned
tax credit that may be refundable when claimed, as provided in subsection
(a). The percentage shall be determined as provided in subsection (d).
Such percentage of a tax credit installment may be refundable to such
taxpayer if the amount of the installment claimed for that taxable year
exceeds the taxpayer's tax liability for such year. The secretary shall set
forth in the agreement any additional provisions, if necessary, regarding
disposition of the earned tax credits. No earned tax credit shall be
refundable after the three successive taxable years period that a portion or
installment of such credit may be claimed. An installment portion of an
earned tax credit that is not refunded shall be carried forward for
application first against the taxpayer's tax liability in the next successive
tax year or for refund, as the case may be, within the three taxable year
period. An installment portion of an earned tax credit that has not been
applied against the taxpayer's tax liability or refunded at the end of the
third successive taxable year period that installment portions of such
earned tax credit may be claimed shall be forfeited.

(d) The base percentage that may be refundable in each taxable year
of the $\frac{1}{3}$ portion of an earned tax credit that may be claimed, as provided
by subsection (a), shall be 50%. The secretary may provide for an
additional percentage that may be refundable up to 100% of the total
eligible earned credit. The secretary shall base the additional percentage on
the qualified firm or qualified supplier meeting specified goals that shall
be set forth in the agreement. Such goals shall include targets for the:

(1) Creation of new jobs, including new jobs for suppliers;
(2) benefit to the local, regional or state economy, including the
development of suppliers in Kansas;
(3) amount of capital investment;
(4) benefit to the development of the qualified firm's industry in
Kansas; or
(5) other measures or goals, if any, of the secretary consistent with the
purposes of this act.

(e) The qualified firm or qualified supplier shall meet the
requirements of this act, any rules and regulations of the secretary of
commerce under this act and the terms of the agreement to receive a credit
each year that a credit is earned or an installment portion of the earned
credit is claimed. No credit shall be issued by the secretary of revenue
unless the qualified firm or qualified supplier has been certified by the
secretary of commerce as eligible as provided by section 2, and
amendments thereto, for each taxable year the credit is claimed. The
secretary of commerce shall provide such certifications to the secretary of
revenue.

(f) In the event the tax credit awarded to the qualified firm or
qualified supplier is later disallowed in whole or in part by the secretary of commerce or the secretary of revenue, the qualified firm or qualified supplier shall be liable for repayment to the state of the amount disallowed as provided by section 2, and amendments thereto.

(g) As a condition for claiming credits pursuant to this section, any qualified firm or qualified supplier shall provide information pursuant to K.S.A. 79-32,243, and amendments thereto, as part of the tax return in which such credits are claimed. Such credits shall not be denied solely on the basis of the contents of the information provided by the qualified firm pursuant to K.S.A. 79-32,243, and amendments thereto.

New Sec. 4. (a) For taxable years commencing after December 31, 2021, a qualified supplier that meets the requirements of section 2, and amendments thereto, and this section may be eligible to retain up to 65%, as determined by the secretary, of the qualified supplier's Kansas payroll withholding taxes under the Kansas withholding and declaration of estimated tax act for the qualified supplier's employees in a taxable year that such requirements are met. This benefit shall be available for a period of up to 10 successive taxable years. In determining the percentage and number of successive years, the secretary shall, at a minimum, consider the factors set forth in sections 3(b) and (d), and amendments thereto, as applicable. Qualified suppliers that have been selected by a qualified firm for benefit eligibility, and that meet the sales amount requirement, as provided by section 2, and amendments thereto, may be eligible to earn benefits of this section prior to the qualified firm's commencement of commercial operations at the qualified business facility. Any benefits shall only be awarded after the qualified firm that has selected the qualified supplier for benefit eligibility commences commercial operations.

(b) For purposes of the benefit under this section, a qualified supplier may utilize or contract with a third-party employer to perform services whereby the third-party employer:

(1) Serves as the legal employer of the qualified supplier's employees providing services to the qualified supplier;
(2) performs such services in Kansas; and
(3) is subject to, and the qualified supplier's employees are subject to, the Kansas withholding and declaration of estimated tax act.

(c) The qualified supplier shall submit an application to the secretary of commerce in the form and manner required by the secretary and provide all information requested by the secretary. If approved by the secretary, the qualified supplier shall enter into an agreement with the secretary, as required pursuant to section 2, and amendments thereto, with such terms and conditions as may be required by the secretary. In addition, the agreement shall set forth the percentage of payroll withholding taxes to be retained each year and any requirements or performance targets to receive
such benefits, as determined by the secretary. If necessary, the secretary
may also enter into an agreement with any third party described in
subsection (b), or such third party may be a party to an agreement between
the qualified supplier and the secretary.
(d) The agreement between the secretary of commerce and the
qualified supplier shall specify that, if the qualified supplier fails to
comply with the terms and conditions set forth in the agreement or fails to
comply with the provisions set forth in this act, the secretary may
terminate the agreement. If such agreement is terminated, the qualified
supplier shall not be entitled to any further benefits provided under this
section and shall be required to remit to the state an amount equal to the
aggregate Kansas payroll withholding taxes retained by the qualified
supplier, or remitted to the qualified supplier by a third party, pursuant to
this act as of the date the agreement is terminated.
(e) For each year that the agreement is in effect, the secretary of
commerce shall certify to the secretary of revenue:
(1) That the qualified supplier is eligible to receive benefits under this
act and the terms of the agreement;
(2) the number of employees;
(3) the amount of gross wages being paid to each such employee; and
(4) the percentage of payroll withholding taxes to be retained by the
qualified supplier.
(f) Any qualified supplier that has entered into an agreement with the
secretary of commerce pursuant to this section and section 2, and
amendments thereto, and is eligible to receive benefits pursuant to this
section, shall complete and submit to the department of revenue the
amount of Kansas payroll withholding tax being retained by the qualified
supplier in the form and manner prescribed by the director of taxation.
(g) The secretary of revenue and the secretary of commerce shall
cooperate to develop and coordinate procedures to implement the
provisions of this act.
New Sec. 5. (a) On and after July 1, 2022, a qualified firm that meets
the requirements of section 2, and amendments thereto, and this section
may be eligible for partial reimbursement of total payroll costs paid to
qualified business facility employees during a taxable year, as approved by
the secretary of commerce.
(b) As determined by the secretary a qualified firm shall be eligible
for such reimbursement commencing on the date the qualified firm:
(1) Enters into an agreement with the secretary as provided in section
2, and amendments thereto;
(2) commences construction of the qualified business facility; or
(3) commences commercial operations at the qualified business
facility.
(c) The amount of the reimbursement each year shall be up to 10%, as allowed by the secretary, of the total payroll costs for that year, as determined by the secretary. The secretary may grant such reimbursement for up to 10 successive years. In determining the percentage and number of successive years, the secretary shall, at a minimum, consider the factors set forth in sections 3(b) and (d), and amendments thereto, as applicable.

(d) To be eligible for the reimbursement, the qualified firm shall submit an application to the secretary in the form and manner required by the secretary and provide all information requested by the secretary. If approved by the secretary, the qualified firm shall enter into an agreement with the secretary with such terms and conditions as required by the secretary and this section.

(e) No claim for a reimbursement shall be paid unless the:

1. Qualified firm has met all requirements of section 2, and amendments thereto, including entering into an agreement with the secretary of commerce that includes a commitment to make a qualified investment in the qualified business facility of at least $1,000,000,000 within a period of five taxable years;
2. secretary of commerce has certified, for each year for which a reimbursement is claimed, that the qualified firm meets all requirements of this act, rules and regulations of the secretary, if any, and the agreement entered into pursuant to section 2, and amendments thereto, and this section; and
3. qualified firm has filed a claim with the secretary of commerce in the form and manner required by the secretary and including evidence as required by the secretary showing the amount of total payroll costs for the year the reimbursement is claimed.

(f) Subject to appropriations therefor, the allowable amount of such claim as determined by the secretary shall be paid to the qualified firm from the attracting powerful economic expansion payroll incentive fund, established by section 6, and amendments thereto, upon warrants of the director of accounts and reports pursuant to vouchers approved by the secretary or by any person designated by the secretary. No interest shall be allowed on any payment made to a qualified firm pursuant to this section.

New Sec. 6. There is hereby established in the state treasury the attracting powerful economic expansion payroll incentive fund to be administered by the secretary of commerce. All moneys credited to the attracting powerful economic expansion payroll incentive fund shall be used by the Kansas department of commerce only for purposes related to partial reimbursement of qualified firms for total payroll costs pursuant to the provisions of sections 2 and 5, and amendments thereto. All expenditures from the attracting powerful economic expansion payroll incentive fund shall be made in accordance with appropriation acts upon
warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce or the secretary's
designee.

New Sec. 7. (a) On and after July 1, 2022, a qualified firm or a qualified supplier that meets the requirements of section 2, and amendments thereto, and this section and that has entered into an agreement with the secretary, as provided by section 2, and amendments thereto, may be eligible for reimbursement of up to 50% of training and education eligible expenses for training or education completed for new employees in each year for up to five successive years, and up to an annual amount of $5,000,000, as determined by the secretary and as provided by this section. In determining the percentage, the number of successive years and the maximum annual amount, the secretary shall, at a minimum, consider the factors set forth in sections 3(b) and (d), and amendments thereto, as applicable.

(b) (1) Qualified firms shall be eligible commencing with the year in which the qualified firm enters into an agreement with the secretary, as provided in section 2, and amendments thereto, commences construction of the qualified business facility or commences commercial operations at the qualified business facility, as determined by the secretary.

(2) Qualified suppliers shall be eligible commencing with the year in which the qualified firm has selected the qualified supplier for benefit eligibility pursuant to section 2, and amendments thereto, but shall not be awarded such benefits until the qualified business facility commences commercial operations.

(c) The qualified firm or qualified supplier shall submit an application to the secretary in the form and manner required by the secretary and provide all information requested by the secretary, as provided by section 2, and amendments thereto. If approved by the secretary, the qualified firm or qualified supplier shall enter into an agreement with the secretary with such terms and conditions as may be required by the secretary and commitments required by this act, as provided pursuant to section 2, and amendments thereto. The agreement shall set forth the maximum amount of the incentive that may be received for each year and shall require an annual showing of eligibility, including evidence showing the number of new hires and amount of eligible training and education expense, for each year the incentive is claimed.

(d) Subject to appropriations therefor, reimbursement in the amount approved by the secretary and pursuant to the terms of the agreement and the limitations of subsection (a) shall be made by the secretary from the attracting powerful economic expansion new employee training and education fund established in section 8, and amendments thereto, in accordance with appropriation acts upon warrants of the director of
accounts and reports issued pursuant to vouchers approved by the secretary of commerce or the secretary's designee.

(e) No reimbursement shall be issued unless the qualified firm or the qualified supplier has been certified by the secretary, as provided in section 2, and amendments thereto, as meeting all requirements of this act, any rules and regulations of the secretary and the agreement executed pursuant to section 2, and amendments thereto.

New Sec. 8. There is hereby established in the state treasury the attracting powerful economic expansion new employee training and education fund to be administered by the secretary of commerce. All moneys credited to the attracting powerful economic expansion new employee training and education fund shall be used by the Kansas department of commerce only for purposes related to reimbursement of qualified firms and qualified suppliers for training and education eligible expenses pursuant to the provisions of sections 2 and 7, and amendments thereto. All expenditures from the attracting powerful economic expansion new employee training and education fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce or the secretary's designee.

New Sec. 9. (a) The following described property, to the extent herein specified, shall be exempt from 50% of all real property taxes levied under the laws of Kansas: Any new manufacturing property or new headquarters located in a foreign trade zone program.

(b) The provisions of subsection (a) shall apply from and after the completion of construction of such property and continue only for a period as determined by the secretary that the manufacturing operations or headquarters operations continue and constitute active participation, to the extent applicable, in the foreign trade zone program.

(c) The provisions of this section shall apply to all taxable years beginning after December 31, 2021.

(d) As used in this section:

(1) "New manufacturing property" means any real property purchased or constructed after December 31, 2021, that is a qualified business facility owned by a qualified firm or a qualified supplier, as defined in paragraph (3), provided such property is regularly used to manufacture and produce goods for one or more of the following industries, as determined by the secretary of commerce:

(A) Advanced manufacturing;
(B) aerospace;
(C) distribution, logistics and transportation;
(D) food and agriculture; or
(E) professional and technical services.
(2) "Headquarters" means the same as defined in section 1, and amendments thereto, that is owned by a qualified firm or qualified supplier, as defined in paragraph (3).

(3) "Qualified firm" or "qualified supplier" means a "qualified firm" or a "qualified supplier" as defined in section 1, and amendments thereto, that has met and is in compliance with the requirements of section 2, and amendments thereto, including, with respect to a qualified firm, the requirement of investment of at least $1,000,000,000 over a period of five years in the new manufacturing property or new headquarters property located in a foreign trade zone program.

New Sec. 10. (a) On and after the effective date of this act, a qualified firm or a qualified supplier that meets the requirements of section 2, and amendments thereto, and this section may be eligible for a sales tax exemption under the provisions of K.S.A. 79-3606(oooo), and amendments thereto.

(b) (1) Qualified firms shall be eligible commencing on the date the qualified firm commences construction of the qualified business facility, as determined by the secretary of commerce, or an earlier date if agreed by the secretary and incorporated into the agreement pursuant to section 2, and amendments thereto.

(2) Qualified suppliers shall be eligible commencing on the date that the qualified firm selected the qualified supplier for benefit eligibility pursuant to section 2, and amendments thereto.

(c) To be eligible to receive the sales tax exemption, the qualified firm or qualified supplier shall have been approved by and entered into an agreement with the secretary for a qualified investment in a qualified business facility of at least $1,000,000,000 pursuant to the requirements of sections 2 and 3, and amendments thereto. The secretary of commerce shall provide notice to the secretary of revenue regarding an approval of a sales tax exemption under this section. The sales tax exemption shall be valid until construction of the qualified business facility has been completed or the date specified for completion of the qualified business facility in the agreement executed pursuant to section 2, and amendments thereto, whichever occurs first. No sales tax exemption shall be issued by the secretary of revenue unless the qualified firm or the qualified supplier has been certified by the secretary of commerce, as provided in section 2, and amendments thereto, as meeting all requirements of this act, the rules and regulations of the secretary, if any, and the agreement executed pursuant to section 2, and amendments thereto.

(d) A sales tax exemption shall be revoked by the secretary of revenue upon notification by the secretary of commerce that the qualified firm or qualified supplier has been disapproved by the secretary of commerce.
New Sec. 11. (a) On or before January 31 of each year, the secretary of commerce shall transmit to the governor, the senate standing committees on assessment and taxation and commerce and the house of representatives standing committees on taxation and commerce, labor and economic development, or any successor committee, a report based on information received from each qualified firm or qualified supplier receiving benefits under this act, describing, at a minimum, the following:

1. The names of the qualified firms or qualified suppliers;
2. the types of qualified firms or qualified suppliers utilizing the act;
3. the location of such companies and the location, description and economic and industry impact of such companies' business operations in Kansas;
4. the number of new employees hired;
5. the wages paid for such new employees;
6. the annual and cumulative amount of investments made;
7. the annual amount of each benefit provided under this act;
8. the estimated net state fiscal impact, including the direct and indirect new state taxes derived from the new employees hired; and
9. an estimate of the multiplier effect on the Kansas economy of the benefits received under this act.

(b) Commencing on the effective date of this act, the secretary of commerce shall transmit quarterly to the chairpersons of the senate standing committee on commerce and the house of representatives standing committee on commerce, labor and economic development, or any successor committee, a report on the number of projects that may qualify for incentives under this act.

Sec. 12. K.S.A. 2021 Supp. 79-3606 is hereby amended to read as follows: 79-3606. The following shall be exempt from the tax imposed by this act:

(a) All sales of motor-vehicle fuel or other articles upon which a sales or excise tax has been paid, not subject to refund, under the laws of this state except cigarettes and electronic cigarettes as defined by K.S.A. 79-3301, and amendments thereto, including consumable material for such electronic cigarettes, cereal malt beverages and malt products as defined by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt, malt syrup and malt extract, that is not subject to taxation under the provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry services taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross receipts from regulated sports contests taxed pursuant to the Kansas professional regulated sports act, and amendments thereto;
(b) all sales of tangible personal property or service, including the
renting and leasing of tangible personal property, purchased directly by the 
state of Kansas, a political subdivision thereof, other than a school or 
educational institution, or purchased by a public or private nonprofit 
hospital, public hospital authority, nonprofit blood, tissue or organ bank or 
nonprofit integrated community care organization and used exclusively for 
state, political subdivision, hospital, public hospital authority, nonprofit 
blood, tissue or organ bank or nonprofit integrated community care 
organization purposes, except when: (1) Such state, hospital or public 
hospital authority is engaged or proposes to engage in any business 
specifically taxable under the provisions of this act and such items of 
tangible personal property or service are used or proposed to be used in 
such business; or (2) such political subdivision is engaged or proposes to 
engage in the business of furnishing gas, electricity or heat to others and 
such items of personal property or service are used or proposed to be used 
in such business;
(c) all sales of tangible personal property or services, including the 
renting and leasing of tangible personal property, purchased directly by a 
public or private elementary or secondary school or public or private 
nonprofit educational institution and used primarily by such school or 
institution for nonsectarian programs and activities provided or sponsored 
by such school or institution or in the erection, repair or enlargement of 
buildings to be used for such purposes. The exemption herein provided 
shall not apply to erection, construction, repair, enlargement or equipment 
of buildings used primarily for human habitation, except that such 
exemption shall apply to the erection, construction, repair, enlargement or 
equipment of buildings used for human habitation by the cerebral palsy 
research foundation of Kansas located in Wichita, Kansas, and multi 
community diversified services, incorporated, located in McPherson, 
Kansas;
(d) all sales of tangible personal property or services purchased by a 
contractor for the purpose of constructing, equipping, reconstructing, 
maintaining, repairing, enlarging, furnishing or remodeling facilities for 
any public or private nonprofit hospital or public hospital authority, public 
or private elementary or secondary school, a public or private nonprofit 
educational institution, state correctional institution including a privately 
constructed correctional institution contracted for state use and ownership, 
that would be exempt from taxation under the provisions of this act if 
purchased directly by such hospital or public hospital authority, school, 
educational institution or a state correctional institution; and all sales of 
tangible personal property or services purchased by a contractor for the 
purpose of constructing, equipping, reconstructing, maintaining, repairing, 
enlarging, furnishing or remodeling facilities for any political subdivision 
of the state or district described in subsection (s), the total cost of which is
paid from funds of such political subdivision or district and that would be
exempt from taxation under the provisions of this act if purchased directly
by such political subdivision or district. Nothing in this subsection or in
the provisions of K.S.A. 12-3418, and amendments thereto, shall be
deleed to exempt the purchase of any construction machinery, equipment
or tools used in the constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities for any political
subdivision of the state or any such district. As used in this subsection,
K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
political subdivision" shall mean general tax revenues, the proceeds of any
bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
purpose of constructing, equipping, reconstructing, repairing, enlarging,
furnishing or remodeling facilities that are to be leased to the donor. When
any political subdivision of the state, district described in subsection (s),
public or private nonprofit hospital or public hospital authority, public or
private elementary or secondary school, public or private nonprofit
educational institution, state correctional institution including a privately
constructed correctional institution contracted for state use and ownership
shall contract for the purpose of constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities, it
shall obtain from the state and furnish to the contractor an exemption
certificate for the project involved, and the contractor may purchase
materials for incorporation in such project. The contractor shall furnish the
number of such certificate to all suppliers from whom such purchases are
made, and such suppliers shall execute invoices covering the same bearing
the number of such certificate. Upon completion of the project the
contractor shall furnish to the political subdivision, district described in
subsection (s), hospital or public hospital authority, school, educational
institution or department of corrections concerned a sworn statement, on a
form to be provided by the director of taxation, that all purchases so made
were entitled to exemption under this subsection. As an alternative to the
foregoing procedure, any such contracting entity may apply to the
secretary of revenue for agent status for the sole purpose of issuing and
furnishing project exemption certificates to contractors pursuant to rules
and regulations adopted by the secretary establishing conditions and
standards for the granting and maintaining of such status. All invoices
shall be held by the contractor for a period of five years and shall be
subject to audit by the director of taxation. If any materials purchased
under such a certificate are found not to have been incorporated in the
building or other project or not to have been returned for credit or the sales
or compensating tax otherwise imposed upon such materials that will not
be so incorporated in the building or other project reported and paid by
such contractor to the director of taxation not later than the 20th day of the
month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the political subdivision, district described in subsection (s), hospital or public hospital authority, school, educational institution or the contractor contracting with the department of corrections for a correctional institution concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

(e) all sales of tangible personal property or services purchased by a contractor for the erection, repair or enlargement of buildings or other projects for the government of the United States, its agencies or instrumentalities, that would be exempt from taxation if purchased directly by the government of the United States, its agencies or instrumentalities. When the government of the United States, its agencies or instrumentalities shall contract for the erection, repair, or enlargement of any building or other project, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the government of the United States, its agencies or instrumentalities concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may apply to the secretary of revenue for agent status for the sole purpose of issuing and furnishing project exemption certificates to contractors pursuant to rules and regulations adopted by the secretary establishing conditions and standards for the granting and maintaining of such status. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto;
(f) tangible personal property purchased by a railroad or public utility
for consumption or movement directly and immediately in interstate
commerce;
(g) sales of aircraft including remanufactured and modified aircraft
sold to persons using directly or through an authorized agent such aircraft
as certified or licensed carriers of persons or property in interstate or
foreign commerce under authority of the laws of the United States or any
foreign government or sold to any foreign government or agency or
instrumentality of such foreign government and all sales of aircraft for use
outside of the United States and sales of aircraft repair, modification and
replacement parts and sales of services employed in the remanufacture,
modification and repair of aircraft;
(h) all rentals of nonsectarian textbooks by public or private
elementary or secondary schools;
(i) the lease or rental of all films, records, tapes, or any type of sound
or picture transcriptions used by motion picture exhibitors;
(j) meals served without charge or food used in the preparation of
such meals to employees of any restaurant, eating house, dining car, hotel,
drugstore or other place where meals or drinks are regularly sold to the
public if such employees' duties are related to the furnishing or sale of
such meals or drinks;
(k) any motor vehicle, semitrailer or pole trailer, as such terms are
defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and
delivered in this state to a bona fide resident of another state, which motor
vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
in this state and which vehicle, semitrailer, pole trailer or aircraft will not
remain in this state more than 10 days;
(l) all isolated or occasional sales of tangible personal property,
services, substances or things, except isolated or occasional sale of motor
vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and
amendments thereto;
(m) all sales of tangible personal property that become an ingredient
or component part of tangible personal property or services produced,
manufactured or compounded for ultimate sale at retail within or without
the state of Kansas; and any such producer, manufacturer or compounder
may obtain from the director of taxation and furnish to the supplier an
exemption certificate number for tangible personal property for use as an
ingredient or component part of the property or services produced,
manufactured or compounded;
(n) all sales of tangible personal property that is consumed in the
production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the treating of by-products or wastes derived from any such production process, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property may obtain from the director of taxation and furnish to the supplier an exemption certificate number for tangible personal property for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, treating, irrigation and in providing such services;

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

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

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

(r) all sales of oxygen delivery equipment, kidney dialysis equipment, enteral feeding systems, prosthetic devices and mobility enhancing equipment prescribed in writing by a person licensed to practice the healing arts, dentistry or optometry, and in addition to such sales, all sales of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto, and repair and replacement parts therefor, including batteries, by a person licensed in the practice of dispensing and fitting hearing aids pursuant to the provisions of K.S.A. 74-5808, and amendments thereto. For the purposes of this subsection: (1) "Mobility enhancing equipment" means equipment including repair and replacement parts to same, but does not
include durable medical equipment, which is primarily and customarily
used to provide or increase the ability to move from one place to another
and which is appropriate for use either in a home or a motor vehicle; is not
generally used by persons with normal mobility; and does not include any
motor vehicle or equipment on a motor vehicle normally provided by a
motor vehicle manufacturer; and (2) "prosthetic device" means a
replacement, corrective or supportive device including repair and
replacement parts for same worn on or in the body to artificially replace a
missing portion of the body, prevent or correct physical deformity or
malfunction or support a weak or deformed portion of the body;
(s) except as provided in K.S.A. 82a-2101, and amendments thereto,
all sales of tangible personal property or services purchased directly or
indirectly by a groundwater management district organized or operating
under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
by a rural water district organized or operating under the authority of
K.S.A. 82a-612, and amendments thereto, or by a water supply district
organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
3522 et seq. or 19-3545, and amendments thereto, which property or
services are used in the construction activities, operation or maintenance of
the district;
(t) all sales of farm machinery and equipment or aquaculture
machinery and equipment, repair and replacement parts therefor and
services performed in the repair and maintenance of such machinery and
equipment. For the purposes of this subsection the term "farm machinery
and equipment or aquaculture machinery and equipment" shall include a
work-site utility vehicle, as defined in K.S.A. 8-126, and amendments thereto,
and is equipped with a bed or cargo box for hauling materials, and
shall also include machinery and equipment used in the operation of
Christmas tree farming but shall not include any passenger vehicle, truck,
truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as
such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
machinery and equipment" includes precision farming equipment that is
portable or is installed or purchased to be installed on farm machinery and
equipment. "Precision farming equipment" includes the following items
used only in computer-assisted farming, ranching or aquaculture
production operations: Soil testing sensors, yield monitors, computers,
monitors, software, global positioning and mapping systems, guiding
systems, modems, data communications equipment and any necessary
mounting hardware, wiring and antennas. Each purchaser of farm
machinery and equipment or aquaculture machinery and equipment
exempted herein must certify in writing on the copy of the invoice or sales
ticket to be retained by the seller that the farm machinery and equipment
or aquaculture machinery and equipment purchased will be used only in
farming, ranching or aquaculture production. Farming or ranching shall
include the operation of a feedlot and farm and ranch work for hire and the
operation of a nursery;
(u) all leases or rentals of tangible personal property used as a
dwelling if such tangible personal property is leased or rented for a period
of more than 28 consecutive days;
(v) all sales of tangible personal property to any contractor for use in
preparing meals for delivery to homebound elderly persons over 60 years
of age and to homebound disabled persons or to be served at a group-
sitting at a location outside of the home to otherwise homebound elderly
persons over 60 years of age and to otherwise homebound disabled
persons, as all or part of any food service project funded in whole or in
part by government or as part of a private nonprofit food service project
available to all such elderly or disabled persons residing within an area of
service designated by the private nonprofit organization, and all sales of
tangible personal property for use in preparing meals for consumption by
indigent or homeless individuals whether or not such meals are consumed
at a place designated for such purpose, and all sales of food products by or
on behalf of any such contractor or organization for any such purpose;
w) all sales of natural gas, electricity, heat and water delivered
through mains, lines or pipes: (1) To residential premises for
noncommercial use by the occupant of such premises; (2) for agricultural
use and also, for such use, all sales of propane gas; (3) for use in the
severing of oil; and (4) to any property which is exempt from property
taxation pursuant to K.S.A. 79-201b, Second through Sixth. As used in this
paragraph, "severing" means the same as defined in K.S.A. 79-4216(k),
and amendments thereto. For all sales of natural gas, electricity and heat
delivered through mains, lines or pipes pursuant to the provisions of
subsection (w)(1) and (w)(2), the provisions of this subsection shall expire
on December 31, 2005;
x) all sales of propane gas, LP-gas, coal, wood and other fuel sources
for the production of heat or lighting for noncommercial use of an
occupant of residential premises occurring prior to January 1, 2006;
y) all sales of materials and services used in the repairing, servicing,
altering, maintaining, manufacturing, remanufacturing, or modification of
railroad rolling stock for use in interstate or foreign commerce under
authority of the laws of the United States;
z) all sales of tangible personal property and services purchased
directly by a port authority or by a contractor therefor as provided by the
provisions of K.S.A. 12-3418, and amendments thereto;
(aa) all sales of materials and services applied to equipment that is
transported into the state from without the state for repair, service,
alteration, maintenance, remanufacture or modification and that is
subsequently transported outside the state for use in the transmission of
liquids or natural gas by means of pipeline in interstate or foreign
commerce under authority of the laws of the United States;

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

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

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

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

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

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

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

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

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

(kk) (1) (A) all sales of machinery and equipment that are used in this state as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility;
(B) all sales of installation, repair and maintenance services performed on such machinery and equipment; and
(C) all sales of repair and replacement parts and accessories purchased for such machinery and equipment.

(2) For purposes of this subsection:
(A) "Integrated production operation" means an integrated series of operations engaged in at a manufacturing or processing plant or facility to process, transform or convert tangible personal property by physical, chemical or other means into a different form, composition or character from that in which it originally existed. Integrated production operations shall include: (i) Production line operations, including packaging operations; (ii) preproduction operations to handle, store and treat raw materials; (iii) post production handling, storage, warehousing and distribution operations; and (iv) waste, pollution and environmental control operations, if any;
(B) "production line" means the assemblage of machinery and equipment at a manufacturing or processing plant or facility where the actual transformation or processing of tangible personal property occurs;
(C) "manufacturing or processing plant or facility" means a single, fixed location owned or controlled by a manufacturing or processing business that consists of one or more structures or buildings in a contiguous area where integrated production operations are conducted to manufacture or process tangible personal property to be ultimately sold at retail. Such term shall not include any facility primarily operated for the purpose of conveying or assisting in the conveyance of natural gas, electricity, oil or water. A business may operate one or more manufacturing or processing plants or facilities at different locations to manufacture or process a single product of tangible personal property to be ultimately sold
at retail;

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

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

(F) "primary" or "primarily" mean more than 50% of the time.
(3) For purposes of this subsection, machinery and equipment shall be deemed to be used as an integral or essential part of an integrated production operation when used to:

(A) to receive, transport, convey, handle, treat or store raw materials in preparation of its placement on the production line;
(B) to transport, convey, handle or store the property undergoing manufacturing or processing at any point from the beginning of the production line through any warehousing or distribution operation of the final product that occurs at the plant or facility;
(C) to act upon, effect, promote or otherwise facilitate a physical change to the property undergoing manufacturing or processing;
(D) to guide, control or direct the movement of property undergoing manufacturing or processing;
(E) to test or measure raw materials, the property undergoing manufacturing or processing or the finished product, as a necessary part of the manufacturer's integrated production operations;
(F) to plan, manage, control or record the receipt and flow of inventories of raw materials, consumables and component parts, the flow of the property undergoing manufacturing or processing and the management of inventories of the finished product;
(G) to produce energy for, lubricate, control the operating of or otherwise enable the functioning of other production machinery and equipment and the continuation of production operations;
(H) to package the property being manufactured or processed in a container or wrapping in which such property is normally sold or transported;
(I) to transmit or transport electricity, coke, gas, water, steam or similar substances used in production operations from the point of generation, if produced by the manufacturer or processor at the plant site, to that manufacturer's production operation; or, if purchased or delivered from off-site, from the point where the substance enters the site of the plant or facility to that manufacturer's production operations;
(J) to cool, heat, filter, refine or otherwise treat water, steam, acid, oil, solvents or other substances that are used in production operations;
(K) to provide and control an environment required to maintain certain levels of air quality, humidity or temperature in special and limited areas of the plant or facility, where such regulation of temperature or humidity is part of and essential to the production process;
(L) to treat, transport or store waste or other byproducts of production operations at the plant or facility; or
(M) to control pollution at the plant or facility where the pollution is produced by the manufacturing or processing operation.

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

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

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

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

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

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

(E) furniture and other furnishings;
buildings, other than exempt machinery and equipment that is
permanently affixed to or becomes a physical part of the building, and any
other part of real estate that is not otherwise exempt;
building fixtures that are not integral to the manufacturing
operation, such as utility systems for heating, ventilation, air conditioning,
communications, plumbing or electrical;
machinery and equipment used for general plant heating, cooling
and lighting;
(I) motor vehicles that are registered for operation on public
highways; or
(J) employee apparel, except safety and protective apparel that is
purchased by an employer and furnished gratuitously to employees who
are involved in production or research activities.
Subsections Paragraphs (3) and (5) shall not be construed as
exclusive listings of the machinery and equipment that qualify or do not
qualify as an integral or essential part of an integrated production
operation. When machinery or equipment is used as an integral or essential
part of production operations part of the time and for nonproduction
purposes at other times, the primary use of the machinery or equipment
shall determine whether or not such machinery or equipment qualifies for
exemption.
The secretary of revenue shall adopt rules and regulations
necessary to administer the provisions of this subsection;
all sales of educational materials purchased for distribution to the
public at no charge by a nonprofit corporation organized for the purpose of
encouraging, fostering and conducting programs for the improvement of
public health, except that for taxable years commencing after December
31, 2013, this subsection shall not apply to any sales of such materials
purchased by a nonprofit corporation which performs any abortion, as
defined in K.S.A. 65-6701, and amendments thereto;
all sales of seeds and tree seedlings; fertilizers, insecticides,
herbicides, germicides, pesticides and fungicides; and services, purchased
and used for the purpose of producing plants in order to prevent soil
erosion on land devoted to agricultural use;
except as otherwise provided in this act, all sales of services
rendered by an advertising agency or licensed broadcast station or any
member, agent or employee thereof;
all sales of tangible personal property purchased by a community
action group or agency for the exclusive purpose of repairing or
weatherizing housing occupied by low-income individuals;
all sales of drill bits and explosives actually utilized in the
exploration and production of oil or gas;
all sales of tangible personal property and services purchased by
a nonprofit museum or historical society or any combination thereof,
including a nonprofit organization that is organized for the purpose of
stimulating public interest in the exploration of space by providing
educational information, exhibits and experiences, that is exempt from
federal income taxation pursuant to section 501(c)(3) of the federal
internal revenue code of 1986;

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

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

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

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

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

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

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

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

(4) the American diabetes association Kansas affiliate, inc. for the
purpose of eliminating diabetes through medical research, public education
focusing on disease prevention and education, patient education including
information on coping with diabetes, and professional education and training;
(5) the American lung association of Kansas, inc. for the purpose of eliminating all lung diseases through medical research, public education including information on coping with lung diseases, professional education and training related to lung disease and other related services to reduce the incidence of disability and death due to lung disease;
(6) the Kansas chapters of the Alzheimer's disease and related disorders association, inc. for the purpose of providing assistance and support to persons in Kansas with Alzheimer's disease, and their families and caregivers;
(7) the Kansas chapters of the Parkinson's disease association for the purpose of eliminating Parkinson's disease through medical research and public and professional education related to such disease;
(8) the national kidney foundation of Kansas and western Missouri for the purpose of eliminating kidney disease through medical research and public and private education related to such disease;
(9) the heartstrings community foundation for the purpose of providing training, employment and activities for adults with developmental disabilities;
(10) the cystic fibrosis foundation, heart of America chapter, for the purposes of assuring the development of the means to cure and control cystic fibrosis and improving the quality of life for those with the disease;
(11) the spina bifida association of Kansas for the purpose of providing financial, educational and practical aid to families and individuals with spina bifida. Such aid includes, but is not limited to, funding for medical devices, counseling and medical educational opportunities;
(12) the CHWC, Inc., for the purpose of rebuilding urban core neighborhoods through the construction of new homes, acquiring and renovating existing homes and other related activities, and promoting economic development in such neighborhoods;
(13) the cross-lines cooperative council for the purpose of providing social services to low income individuals and families;
(14) the dreams work, inc., for the purpose of providing young adult day services to individuals with developmental disabilities and assisting families in avoiding institutional or nursing home care for a developmentally disabled member of their family;
(15) the KSDS, Inc., for the purpose of promoting the independence and inclusion of people with disabilities as fully participating and contributing members of their communities and society through the training and providing of guide and service dogs to people with disabilities, and providing disability education and awareness to the
general public;

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

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

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

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

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

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

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

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

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

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

(xx) all sales of tangible personal property and services purchased by a nonprofit zoo that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, or on behalf of such zoo by an entity itself exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986 contracted with to operate such zoo and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo that would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit zoo or the entity operating such zoo. Nothing in
this subsection shall be deemed to exempt the purchase of any construction
machinery, equipment or tools used in the constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
the purpose of constructing, equipping, reconstructing, maintaining,
repairing, enlarging, furnishing or remodeling facilities, it shall obtain
from the state and furnish to the contractor an exemption certificate for the
project involved, and the contractor may purchase materials for
incorporation in such project. The contractor shall furnish the number of
such certificate to all suppliers from whom such purchases are made, and
such suppliers shall execute invoices covering the same bearing the
number of such certificate. Upon completion of the project the contractor
shall furnish to the nonprofit zoo concerned a sworn statement, on a form
to be provided by the director of taxation, that all purchases so made were
entitled to exemption under this subsection. All invoices shall be held by
the contractor for a period of five years and shall be subject to audit by the
director of taxation. If any materials purchased under such a certificate are
found not to have been incorporated in the building or other project or not
to have been returned for credit or the sales or compensating tax otherwise
imposed upon such materials that will not be so incorporated in the
building or other project reported and paid by such contractor to the
director of taxation not later than the 20th day of the month following the
close of the month in which it shall be determined that such materials will
not be used for the purpose for which such certificate was issued, the
nonprofit zoo concerned shall be liable for tax on all materials purchased
for the project, and upon payment thereof it may recover the same from
the contractor together with reasonable attorney fees. Any contractor or
any agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto;
(yy) all sales of tangible personal property and services purchased by
a parent-teacher association or organization, and all sales of tangible
personal property by or on behalf of such association or organization;
(zz) all sales of machinery and equipment purchased by over-the-air,
free access radio or television station that is used directly and primarily for
the purpose of producing a broadcast signal or is such that the failure of
the machinery or equipment to operate would cause broadcasting to cease.
For purposes of this subsection, machinery and equipment shall include,
but not be limited to, that required by rules and regulations of the federal
communications commission, and all sales of electricity which are
essential or necessary for the purpose of producing a broadcast signal or is
such that the failure of the electricity would cause broadcasting to cease;

   (aaa) all sales of tangible personal property and services purchased by
a religious organization that is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code, and used
exclusively for religious purposes, and all sales of tangible personal
property or services purchased by a contractor for the purpose of
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
ensuring or remodeling facilities for any such organization that would be
exempt from taxation under the provisions of this section if purchased
directly by such organization. Nothing in this subsection shall be deemed
to exempt the purchase of any construction machinery, equipment or tools
used in the constructing, equipping, reconstructing, maintaining, repairing,
enlarging, furnishing or remodeling facilities for any such organization.
When any such organization shall contract for the purpose of constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities, it shall obtain from the state and furnish to the
contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to such organization
concerned a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five
years and shall be subject to audit by the director of taxation. If any
materials purchased under such a certificate are found not to have been
incorporated in the building or other project or not to have been returned
for credit or the sales or compensating tax otherwise imposed upon such
materials that will not be so incorporated in the building or other project
reported and paid by such contractor to the director of taxation not later
than the 20th day of the month following the close of the month in which it
shall be determined that such materials will not be used for the purpose for
which such certificate was issued, such organization concerned shall be
liable for tax on all materials purchased for the project, and upon payment
thereof it may recover the same from the contractor together with
reasonable attorney fees. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials
purchased under such a certificate for any purpose other than that for
which such a certificate is issued without the payment of the sales or
compensating tax otherwise imposed upon such materials, shall be guilty
of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after July 1, 1998, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

(ccc) on and after July 1, 1999, all sales of tangible personal property and services purchased by a primary care clinic or health center the primary purpose of which is to provide services to medically underserved individuals and families, and that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such clinic or center that would be exempt from taxation under the provisions of this section if purchased directly by such clinic or center, except that for taxable years commencing after December 31, 2013, this subsection shall not apply to any sales of such tangible personal property and services purchased by a primary care clinic or health center which performs any abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such clinic or center. When any such clinic or center shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the
same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such clinic or center concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such clinic or center concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

(iii) all sales of personal property and services purchased by an organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and such personal property and services are used by any such organization in the collection, storage and distribution of food products to nonprofit organizations that distribute such food products to persons pursuant to a food distribution program on a charitable basis without fee or charge, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities used for the collection and storage of such food products for any such organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, that would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after July 1, 2005, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

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

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

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

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

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

(qqq) all sales of tangible personal property and services purchased by TLC for children and families, inc., hereinafter referred to as TLC, which is exempt from federal income taxation pursuant to section 501(c) (3) of the federal internal revenue code of 1986, and such property and services are used for the purpose of providing emergency shelter and treatment for abused and neglected children as well as meeting additional
critical needs for children, juveniles and family, and all sales of any such
property by or on behalf of TLC for any such purpose; and all sales of
tangible personal property or services purchased by a contractor for the
purpose of constructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities for the operation of services for TLC for any such
purpose that would be exempt from taxation under the provisions of this
section if purchased directly by TLC. Nothing in this subsection shall be
deemed to exempt the purchase of any construction machinery, equipment
or tools used in the constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities for TLC. When TLC contracts for
the purpose of constructing, maintaining, repairing, enlarging, furnishing
or remodeling such facilities, it shall obtain from the state and furnish to
the contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to TLC a sworn
statement, on a form to be provided by the director of taxation, that all
purchases so made were entitled to exemption under this subsection. All
invoices shall be held by the contractor for a period of five years and shall
be subject to audit by the director of taxation. If any materials purchased
under such a certificate are found not to have been incorporated in the
building or other project or not to have been returned for credit or the sales
or compensating tax otherwise imposed upon such materials that will not
be so incorporated in the building or other project reported and paid by
such contractor to the director of taxation not later than the 20th day of the
month following the close of the month in which it shall be determined
that such materials will not be used for the purpose for which such
certificate was issued, TLC shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who shall use
or otherwise dispose of any materials purchased under such a certificate
for any purpose other than that for which such a certificate is issued
without the payment of the sales or compensating tax otherwise imposed
upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in K.S.A.
79-3615(h), and amendments thereto;
(rrr) all sales of tangible personal property and services purchased by
any county law library maintained pursuant to law and sales of tangible
personal property and services purchased by an organization that would
have been exempt from taxation under the provisions of this subsection if
purchased directly by the county law library for the purpose of providing legal resources to attorneys, judges, students and the general public, and all sales of any such property by or on behalf of any such county law library;

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

(ttt) all sales of tangible personal property or services purchased by a contractor for a project for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit museum that has been granted an exemption pursuant to subsection (qq), which such home or facility is located in a city that has been designated as a qualified hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and amendments thereto, and which such project is related to the purposes of K.S.A. 75-5071 et seq., and amendments thereto, and that would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit museum. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility for any such nonprofit museum. When any such nonprofit museum shall contract for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such nonprofit museum a sworn statement on a form to be provided by the director of taxation that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in a home or facility or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the
purpose for which such certificate was issued, such nonprofit museum
shall be liable for tax on all materials purchased for the project, and upon
payment thereof it may recover the same from the contractor together with
reasonable attorney fees. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials
purchased under such a certificate for any purpose other than that for
which such a certificate is issued without the payment of the sales or
compensating tax otherwise imposed upon such materials, shall be guilty
of a misdemeanor and, upon conviction therefor, shall be subject to the
penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

(uuu) all sales of tangible personal property and services purchased
by Kansas children's service league, hereinafter referred to as KCSL,
which is exempt from federal income taxation pursuant to section 501(c)
(3) of the federal internal revenue code of 1986, and which such property
and services are used for the purpose of providing for the prevention and
treatment of child abuse and maltreatment as well as meeting additional
critical needs for children, juveniles and family, and all sales of any such
property by or on behalf of KCSL for any such purpose; and all sales of
tangible personal property or services purchased by a contractor for the
purpose of constructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities for the operation of services for KCSL for any such
purpose that would be exempt from taxation under the provisions of this
section if purchased directly by KCSL. Nothing in this subsection shall be
deemed to exempt the purchase of any construction machinery, equipment
or tools used in the constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities for KCSL. When KCSL contracts
for the purpose of constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities, it shall obtain from the state and
furnish to the contractor an exemption certificate for the project involved,
and the contractor may purchase materials for incorporation in such
project. The contractor shall furnish the number of such certificate to all
suppliers from whom such purchases are made, and such suppliers shall
execute invoices covering the same bearing the number of such certificate.
Upon completion of the project the contractor shall furnish to KCSL a
sworn statement, on a form to be provided by the director of taxation, that
all purchases so made were entitled to exemption under this subsection.
All invoices shall be held by the contractor for a period of five years and
shall be subject to audit by the director of taxation. If any materials
purchased under such a certificate are found not to have been incorporated
in the building or other project or not to have been returned for credit or
the sales or compensating tax otherwise imposed upon such materials that
will not be so incorporated in the building or other project reported and
paid by such contractor to the director of taxation not later than the 20th
day of the month following the close of the month in which it shall be
determined that such materials will not be used for the purpose for which
such certificate was issued, KCSL shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who shall use
or otherwise dispose of any materials purchased under such a certificate
for any purpose other than that for which such a certificate is issued
without the payment of the sales or compensating tax otherwise imposed
upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in K.S.A.
79-3615(h), and amendments thereto;

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

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

(xxx) all sales of personal property and services purchased by the
booth theatre foundation, inc., an organization, which is exempt from
federal income taxation pursuant to section 501(c)(3) of the federal
internal revenue code of 1986, and which such personal property and
services are used by any such organization in the constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
of the booth theatre, and all sales of tangible personal property or services
purchased by a contractor for the purpose of constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
the booth theatre for such organization, that would be exempt from
taxation under the provisions of this section if purchased directly by such
organization. Nothing in this subsection shall be deemed to exempt the
purchase of any construction machinery, equipment or tools used in the
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling facilities for any such organization. When any
such organization shall contract for the purpose of constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
facilities, it shall obtain from the state and furnish to the contractor an
exemption certificate for the project involved, and the contractor may
purchase materials for incorporation in such project. The contractor shall
furnish the number of such certificate to all suppliers from whom such
purchases are made, and such suppliers shall execute invoices covering the
same bearing the number of such certificate. Upon completion of the
project the contractor shall furnish to such organization concerned a sworn
statement, on a form to be provided by the director of taxation, that all
purchases so made were entitled to exemption under this subsection. All
invoices shall be held by the contractor for a period of five years and shall
be subject to audit by the director of taxation. If any materials purchased
under such a certificate are found not to have been incorporated in such
facilities or not to have been returned for credit or the sales or
compensating tax otherwise imposed upon such materials that will not be
so incorporated in such facilities reported and paid by such contractor to
the director of taxation not later than the 20th day of the month following
the close of the month in which it shall be determined that such materials
will not be used for the purpose for which such certificate was issued, such
organization concerned shall be liable for tax on all materials purchased
for the project, and upon payment thereof it may recover the same from
the contractor together with reasonable attorney fees. Any contractor or
any agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto. Sales tax paid on and after January 1, 2007, but prior
to the effective date of this act upon the gross receipts received from any
sale which would have been exempted by the provisions of this subsection
had such sale occurred after the effective date of this act shall be refunded.
Each claim for a sales tax refund shall be verified and submitted to the
director of taxation upon forms furnished by the director and shall be
accompanied by any additional documentation required by the director.
The director shall review each claim and shall refund that amount of sales
tax paid as determined under the provisions of this subsection. All refunds
shall be paid from the sales tax refund fund upon warrants of the director
of accounts and reports pursuant to vouchers approved by the director or
the director's designee;
(yyy) all sales of tangible personal property and services purchased
by TLC charities foundation, inc., hereinafter referred to as TLC charities,
which is exempt from federal income taxation pursuant to section 501(c)
(3) of the federal internal revenue code of 1986, and which such property
and services are used for the purpose of encouraging private philanthropy
to further the vision, values, and goals of TLC for children and families,
inc.; and all sales of such property and services by or on behalf of TLC
charities for any such purpose and all sales of tangible personal property or
services purchased by a contractor for the purpose of constructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities for
the operation of services for TLC charities for any such purpose that would
be exempt from taxation under the provisions of this section if purchased
directly by TLC charities. Nothing in this subsection shall be deemed to
exempt the purchase of any construction machinery, equipment or tools
used in the constructing, maintaining, repairing, enlarging, furnishing or
remodeling such facilities for TLC charities. When TLC charities contracts
for the purpose of constructing, maintaining, repairing, enlarging,
furnishing or remodeling such facilities, it shall obtain from the state and
furnish to the contractor an exemption certificate for the project involved,
and the contractor may purchase materials for incorporation in such
project. The contractor shall furnish the number of such certificate to all
suppliers from whom such purchases are made, and such suppliers shall
execute invoices covering the same bearing the number of such certificate.
Upon completion of the project the contractor shall furnish to TLC
charities a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five
years and shall be subject to audit by the director of taxation. If any
materials purchased under such a certificate are found not to have been
incorporated in the building or other project or not to have been returned
for credit or the sales or compensating tax otherwise imposed upon such
materials that will not be incorporated into the building or other project
reported and paid by such contractor to the director of taxation not later
than the 20th day of the month following the close of the month in which it
shall be determined that such materials will not be used for the purpose for
which such certificate was issued, TLC charities shall be liable for tax on
all materials purchased for the project, and upon payment thereof it may
recover the same from the contractor together with reasonable attorney
fees. Any contractor or any agent, employee or subcontractor thereof, who
shall use or otherwise dispose of any materials purchased under such a
certificate for any purpose other than that for which such a certificate is
issued without the payment of the sales or compensating tax otherwise
imposed upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in K.S.A.
79-3615(h), and amendments thereto;

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

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

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

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

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

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

(ffff) all sales of tangible personal property and services purchased by sheltered living, inc., which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing residential and day services for people with developmental disabilities or intellectual disability, or both, and all sales of any such property by or on behalf of sheltered living, inc., for any such purpose; and
all sales of tangible personal property or services purchased by a contractor for the purpose of rehabilitating, constructing, maintaining, repairing, enlarging, furnishing or remodeling homes and facilities for sheltered living, inc., for any such purpose that would be exempt from taxation under the provisions of this section if purchased directly by sheltered living, inc. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such homes and facilities for sheltered living, inc. When sheltered living, inc., contracts for the purpose of rehabilitating, constructing, maintaining, repairing, enlarging, furnishing or remodeling such homes and facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to sheltered living, inc., a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials that will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, sheltered living, inc., shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate was issued, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

(hhhh) all sales of tangible personal property or services purchased on or after July 1, 2014, for the purpose of and in conjunction with
constructing, reconstructing, enlarging or remodeling a business identified under the North American industry classification system (NAICS) subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and installation of machinery and equipment purchased for installation at any such business. The exemption provided in this subsection shall not apply to projects that have actual total costs less than $50,000. When a person contracts for the construction, reconstruction, enlargement or remodeling of any such business, such person shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to the owner of the business a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor of the contractor, who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

(llll) all sales of tangible personal property and services purchased by
Gove county healthcare endowment foundation, inc., which is exempt
from federal income taxation pursuant to section 501(c)(3) of the federal
internal revenue code of 1986, and which such property and services are
used for the purpose of constructing and equipping an airport in Quinter,
Kansas, and all sales of tangible personal property or services purchased
by a contractor for the purpose of constructing and equipping an airport in
Quinter, Kansas, for such organization, that would be exempt from
taxation under the provisions of this section if purchased directly by such
organization. Nothing in this subsection shall be deemed to exempt the
purchase of any construction machinery, equipment or tools used in the
constructing or equipping of facilities for such organization. When such
organization shall contract for the purpose of constructing or equipping an
airport in Quinter, Kansas, it shall obtain from the state and furnish to the
contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project, the contractor shall furnish to such organization
concerned a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five
years and shall be subject to audit by the director of taxation. If any
materials purchased under such a certificate are found not to have been
incorporated in such facilities or not to have been returned for credit or the
sales or compensating tax otherwise imposed upon such materials that will
not be so incorporated in such facilities reported and paid by such
contractor to the director of taxation no later than the 20th day of the month
following the close of the month in which it shall be determined that such
materials will not be used for the purpose for which such certificate was
issued, such organization concerned shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who purchased
under such a certificate for any purpose other than that for which such a
certificate is issued without the payment of the sales or compensating tax
otherwise imposed upon such materials, shall be guilty of a misdemeanor
and, upon conviction therefor, shall be subject to the penalties provided for
in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
subsection shall expire and have no effect on and after July 1, 2019;

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

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

(oooo) all sales of tangible personal property or services purchased on or after July 1, 2022, for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a qualified business facility by a qualified firm or qualified supplier that meets the requirements established in sections 2 and 10, and amendments thereto, and that has been approved for a project exemption certificate by the secretary of commerce, and the sale and installation of machinery and equipment purchased by such qualified firm or qualified supplier for installation at any such qualified building facility. When a person shall contract for the construction, reconstruction, enlargement or remodeling of any such qualified building facility, such person shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to the owner of the qualified firm or qualified supplier a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto. As used in this subsection, "qualified business facility," "qualified firm" and "qualified supplier" mean the same as defined in section 1, and amendments thereto.

Sec. 13. K.S.A. 2021 Supp. 79-3606 is hereby repealed.

Sec. 14. This act shall take effect and be in force from and after its publication in the Kansas register.