

**SENATE BILL No. 347**

By Committee on Commerce

1-18

1 AN ACT concerning economic development; enacting the attracting  
2 powerful economic expansion act; relating to tax and other incentives  
3 for projects in specified industries or for a national corporate  
4 headquarters with specified capital investment requirements of at least  
5 \$1,000,000,000; providing for a refundable income, privilege and  
6 premium tax credit for a portion of such investment; reimbursement of  
7 certain payroll costs and training and education costs; retention of  
8 certain payroll withholding taxes; sales tax exemption for project  
9 construction and a property tax incentive for certain projects located in  
10 a foreign trade zone; establishing the attracting powerful economic  
11 expansion payroll incentive fund and the attracting powerful economic  
12 expansion new employee training and education fund; amending  
13 K.S.A. 2021 Supp. 79-3606 and repealing the existing section.  
14

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

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

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

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

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

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

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

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

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

34 (B) the qualified firm enters into a written agreement that provides  
35 either party with legally enforceable remedies if the agreement is  
36 breached.

1 (5) "Department" means the Kansas department of commerce.

2 (6) "Headquarters" means a qualified business facility that meets the  
3 following conditions:

4 (A) The main activity at the qualified business facility is providing  
5 direction, management, or administrative support for the operation of  
6 multiple company-owned worksites or facilities in which the applicant  
7 company has an ownership interest greater than 50%; and

8 (B) the qualified business facility is capable of being geographically  
9 located anywhere.

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

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

20 (9) "Qualified business facility" means a facility as defined in  
21 subparagraph (C) that satisfies the requirements of subparagraphs (A) and  
22 (B):

23 (A) Such facility is for use by the qualified firm in the operation of a  
24 revenue producing enterprise, as defined in this section. Such facility shall  
25 not be considered a "qualified business facility" in the hands of the  
26 qualified firm if the qualified firm's only activity with respect to such  
27 facility is to lease it to another person or persons. If the qualified firm  
28 employs only a portion of such facility in the operation of a revenue  
29 producing enterprise, and leases another portion of such facility to another  
30 person or persons or does not otherwise use such other portions in the  
31 operation of a revenue producing enterprise, the portion employed by the  
32 qualified firm in the operation of a revenue producing enterprise shall be  
33 considered a "qualified business facility," if the requirements of  
34 subparagraph (B) are satisfied.

35 (B) If such facility was acquired or leased by the qualified firm from  
36 another person or persons, the facility was not used, either immediately  
37 prior to the transfer of title to the qualified firm, or to the commencement  
38 of the term of the lease to the qualified firm, by any other person or  
39 persons in the operation of a revenue producing enterprise that is the same  
40 or substantially the same as the revenue producing enterprise continued by  
41 the qualified firm at the facility.

42 (C) "Facility" means any factory, mill, plant, refinery, warehouse,  
43 building or complex of buildings located within the state, including the

1 land on which such facility is located and all machinery, equipment and  
2 other real and tangible personal property located at or within such facility  
3 used in connection with the operation of such facility. "Building" means  
4 only structures within which individuals are customarily employed or that  
5 are customarily used to house machinery, equipment or other property.

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

14 (i) Regular, full-time basis;

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

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

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

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

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

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

1 reduced by the average amount, computed as provided in this paragraph,  
2 of the investment of the qualified firm or a related taxpayer in the facility  
3 for the taxable year preceding the taxable year in which the "qualified  
4 business facility investment" was made in the facility.

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

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

- 9 (a) Advanced manufacturing;  
10 (b) aerospace;  
11 (c) distribution, logistics and transportation;  
12 (d) food and agriculture; or  
13 (e) professional and technical services; or

14 (ii) engaged in any industry or revenue-producing activity if seeking  
15 benefits with respect to a qualified business facility that is the national  
16 corporate headquarters of the for-profit business establishment.

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

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

21 (A) Is located in Kansas;  
22 (B) is a supplier of components, sub-assemblies, chemicals or other  
23 process-related tangible goods;

24 (C) is owned by an individual, any partnership, association, limited  
25 liability corporation or corporation domiciled in Kansas, or any  
26 corporation, even if a wholly owned subsidiary of a foreign corporation;  
27 and

28 (D) does business primarily in Kansas or does substantially all of  
29 such business production in Kansas.

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

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

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

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

43 (B) "Total payroll cost" does not include company-paid costs for

1 health insurance, dental insurance and any other employee benefits that are  
2 not reported to the Kansas department of labor on the employer's quarterly  
3 wage report.

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

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

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

15 (i) Wages of employees during eligible training;

16 (ii) employee instructors' salaries; and

17 (iii) training-related travel expenses, with a maximum meals  
18 allowance of \$120 per day and lodging costs of \$300 per night.

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

20 (i) Compensation paid to an employee trainee who is receiving on-  
21 the-job training;

22 (ii) compensation paid to an employee during self-training, except for  
23 time in which the employee is involved in activities related to an approved  
24 computerized course of study;

25 (iii) bonus pay received as compensation related to the company's  
26 financial performance or the employee's job performance, or both;

27 (iv) overtime pay, unless the employee is being paid at an overtime  
28 rate while participating in eligible training;

29 (v) operations manuals and reference manuals, except that  
30 training-specific manuals may be allowable; and

31 (vi) training and education costs covered by monies or grants  
32 obtained from state, federal or other government-sponsored workforce  
33 training programs.

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

42 (b) A qualified firm that makes a qualified business investment of at  
43 least \$1,000,000,000 in a qualified business facility pursuant to the

1 requirements of this act may be eligible for the following incentives as  
2 approved by the secretary:

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

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

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

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

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

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

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

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

27 (3) commit to a qualified business investment of at least  
28 \$1,000,000,000 in the qualified business facility to be completed within  
29 five years of the commitment to invest on such date specified in the  
30 agreement pursuant to paragraph (5);

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

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

41 (6) obtain and submit a bond to the secretary if required as follows:  
42 The secretary shall determine a minimum investment grade rating  
43 requirement for each project of a qualified firm seeking benefits under this

1 act. In determining the minimum investment grade rating, the secretary  
2 shall consider the aspects of the qualified firm and the qualified business  
3 facility or project and shall consult ratings from three nationally  
4 recognized rating agencies selected by the secretary that provide  
5 investment grade ratings. A qualifying firm or qualifying business facility  
6 that does not meet the minimum investment grade rating determined by the  
7 secretary shall obtain and submit a bond in an amount, as determined by  
8 the secretary, of the costs associated with the primary construction of the  
9 building or buildings of the qualified business facility to a degree of  
10 completion specified by the secretary. The bond shall be paid to the state  
11 if, in the judgment of the secretary, the qualified business facility has not  
12 been constructed to the degree specified; and

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

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

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

43 (2) within each period of one year for which incentives may be

1 earned, beginning with the year in which the qualified supplier was  
2 designated as eligible for benefits by the qualified firm, have made sales,  
3 as defined by the secretary, of more than \$10,000,000 to the qualified  
4 business facility. This requirement may be waived by the secretary upon a  
5 showing of exceptional circumstances;

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

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

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

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

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

37 (1) Information required for publication in the economic development  
38 incentive program information database pursuant to K.S.A. 2021 Supp. 74-  
39 50,226, and amendments thereto;

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

42 (3) information required by the secretary of commerce or the  
43 secretary of revenue pursuant to subsections (g) and (h); and



1 (4) reasonable access by the secretary or the secretary's agents to the  
2 qualified business facility during business hours.

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

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

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

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

1 of commerce. The contents of the completed form shall be confidential  
2 except as provided in K.S.A. 79-3234, and amendments thereto.

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

5 New Sec. 3. (a) For taxable years commencing after December 31,  
6 2021, a qualified firm or qualified supplier that makes a qualified business  
7 investment in a qualified business facility and meets the requirements of  
8 section 2, and amendments thereto, and of this section shall be allowed a  
9 credit for such investment as provided by this section against the tax  
10 imposed by the Kansas income tax act, the premium tax or privilege fees  
11 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the  
12 privilege tax as measured by the net income of financial institutions  
13 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes  
14 Annotated, and amendments thereto. The credit shall be earned by the  
15 taxpayer each taxable year based on the amount of the qualified  
16 investment made in that taxable year as further provided in this section.  
17 The amount of the credit that is earned each taxable year shall not be  
18 claimed by the taxpayer in the taxable year that such credit is earned but  
19 shall be divided into three equal portions or installments. In the case of a  
20 qualified firm, a  $\frac{1}{3}$  portion or installment shall be claimed by the qualified  
21 firm commencing with the taxable year after the credit is earned and a  
22 second and third such portion or installment, respectively, shall be claimed  
23 in each of the next successive two taxable years. In the case of a qualified  
24 supplier, a  $\frac{1}{3}$  portion or installment shall first be claimed commencing  
25 with the taxable year that the qualified firm that selected the qualified  
26 supplier as eligible for benefits under this act substantially completes the  
27 qualified business facility, as determined by the secretary.

28 (b) The amount of the tax credit earned in a taxable year shall be up  
29 to 15%, at the discretion of the secretary, of the amount of the qualified  
30 investment that is invested during such taxable year. In determining such  
31 percentage, the secretary shall consider factors including the extent of  
32 prospective new employment, the quality of new jobs and wage or salary  
33 levels, the total amount of investment, the potential for development of the  
34 industry in this state and the potential for ancillary industry development  
35 and indirect economic development. Such percentage shall be set forth in  
36 the agreement pursuant to section 2, and amendments thereto. The total  
37 qualified investment shall be completed within five taxable years  
38 commencing from the date of such agreement. In the case of a qualified  
39 firm, the total amount of the qualified investment shall be at least  
40 \$1,000,000,000. The qualified firm or qualified supplier shall repay to the  
41 state all tax credits received if the total qualified investment is not  
42 completed.

43 (c) The secretary of commerce shall set forth in the agreement

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

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

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

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

43 (f) In the event the tax credit awarded to the qualified firm or

1 qualified supplier is later disallowed in whole or in part by the secretary of  
2 commerce or the secretary of revenue, the qualified firm or qualified  
3 supplier shall be liable for repayment to the state of the amount disallowed  
4 as provided by section 2, and amendments thereto.

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

11 New Sec. 4. (a) For taxable years commencing after December 31,  
12 2021, a qualified supplier that meets the requirements of section 2, and  
13 amendments thereto, and this section may be eligible to retain up to 65%,  
14 as determined by the secretary, of the qualified supplier's Kansas payroll  
15 withholding taxes under the Kansas withholding and declaration of  
16 estimated tax act for the qualified supplier's employees in a taxable year  
17 that such requirements are met. This benefit shall be available for a period  
18 of up to 10 successive taxable years. In determining the percentage and  
19 number of successive years, the secretary shall, at a minimum, consider  
20 the factors set forth in sections 3(b) and (d), and amendments thereto, as  
21 applicable. Qualified suppliers that have been selected by a qualified firm  
22 for benefit eligibility, and that meet the sales amount requirement, as  
23 provided by section 2, and amendments thereto, may be eligible to earn  
24 benefits of this section prior to the qualified firm's commencement of  
25 commercial operations at the qualified business facility. Any benefits shall  
26 only be awarded after the qualified firm that has selected the qualified  
27 supplier for benefit eligibility commences commercial operations.

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

31 (1) Serves as the legal employer of the qualified supplier's employees  
32 providing services to the qualified supplier;

33 (2) performs such services in Kansas; and

34 (3) is subject to, and the qualified supplier's employees are subject to,  
35 the Kansas withholding and declaration of estimated tax act.

36 (c) The qualified supplier shall submit an application to the secretary  
37 of commerce in the form and manner required by the secretary and provide  
38 all information requested by the secretary. If approved by the secretary,  
39 the qualified supplier shall enter into an agreement with the secretary, as  
40 required pursuant to section 2, and amendments thereto, with such terms  
41 and conditions as may be required by the secretary. In addition, the  
42 agreement shall set forth the percentage of payroll withholding taxes to be  
43 retained each year and any requirements or performance targets to receive

1 such benefits, as determined by the secretary. If necessary, the secretary  
2 may also enter into an agreement with any third party described in  
3 subsection (b), or such third party may be a party to an agreement between  
4 the qualified supplier and the secretary.

5 (d) The agreement between the secretary of commerce and the  
6 qualified supplier shall specify that, if the qualified supplier fails to  
7 comply with the terms and conditions set forth in the agreement or fails to  
8 comply with the provisions set forth in this act, the secretary may  
9 terminate the agreement. If such agreement is terminated, the qualified  
10 supplier shall not be entitled to any further benefits provided under this  
11 section and shall be required to remit to the state an amount equal to the  
12 aggregate Kansas payroll withholding taxes retained by the qualified  
13 supplier, or remitted to the qualified supplier by a third party, pursuant to  
14 this act as of the date the agreement is terminated.

15 (e) For each year that the agreement is in effect, the secretary of  
16 commerce shall certify to the secretary of revenue:

17 (1) That the qualified supplier is eligible to receive benefits under this  
18 act and the terms of the agreement;

19 (2) the number of employees;

20 (3) the amount of gross wages being paid to each such employee; and

21 (4) the percentage of payroll withholding taxes to be retained by the  
22 qualified supplier.

23 (f) Any qualified supplier that has entered into an agreement with the  
24 secretary of commerce pursuant to this section and section 2, and  
25 amendments thereto, and is eligible to receive benefits pursuant to this  
26 section, shall complete and submit to the department of revenue the  
27 amount of Kansas payroll withholding tax being retained by the qualified  
28 supplier in the form and manner prescribed by the director of taxation.

29 (g) The secretary of revenue and the secretary of commerce shall  
30 cooperate to develop and coordinate procedures to implement the  
31 provisions of this act.

32 New Sec. 5. (a) On and after July 1, 2022, a qualified firm that meets  
33 the requirements of section 2, and amendments thereto, and this section  
34 may be eligible for partial reimbursement of total payroll costs paid to  
35 qualified business facility employees during a taxable year, as approved by  
36 the secretary of commerce.

37 (b) As determined by the secretary a qualified firm shall be eligible  
38 for such reimbursement commencing on the date the qualified firm:

39 (1) Enters into an agreement with the secretary as provided in section  
40 2, and amendments thereto;

41 (2) commences construction of the qualified business facility; or

42 (3) commences commercial operations at the qualified business  
43 facility.

1 (c) The amount of the reimbursement each year shall be up to 10%, as  
2 allowed by the secretary, of the total payroll costs for that year, as  
3 determined by the secretary. The secretary may grant such reimbursement  
4 for up to 10 successive years. In determining the percentage and number of  
5 successive years, the secretary shall, at a minimum, consider the factors set  
6 forth in sections 3(b) and (d), and amendments thereto, as applicable.

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

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

14 (1) Qualified firm has met all requirements of section 2, and  
15 amendments thereto, including entering into an agreement with the  
16 secretary of commerce that includes a commitment to make a qualified  
17 investment in the qualified business facility of at least \$1,000,000,000  
18 within a period of five taxable years;

19 (2) secretary of commerce has certified, for each year for which a  
20 reimbursement is claimed, that the qualified firm meets all requirements of  
21 this act, rules and regulations of the secretary, if any, and the agreement  
22 entered into pursuant to section 2, and amendments thereto, and this  
23 section; and

24 (3) qualified firm has filed a claim with the secretary of commerce in  
25 the form and manner required by the secretary and including evidence as  
26 required by the secretary showing the amount of total payroll costs for the  
27 year the reimbursement is claimed.

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

35 New Sec. 6. There is hereby established in the state treasury the  
36 attracting powerful economic expansion payroll incentive fund to be  
37 administered by the secretary of commerce. All moneys credited to the  
38 attracting powerful economic expansion payroll incentive fund shall be  
39 used by the Kansas department of commerce only for purposes related to  
40 partial reimbursement of qualified firms for total payroll costs pursuant to  
41 the provisions of sections 2 and 5, and amendments thereto. All  
42 expenditures from the attracting powerful economic expansion payroll  
43 incentive fund shall be made in accordance with appropriation acts upon

1 warrants of the director of accounts and reports issued pursuant to  
2 vouchers approved by the secretary of commerce or the secretary's  
3 designee.

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

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

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

26 (c) The qualified firm or qualified supplier shall submit an application  
27 to the secretary in the form and manner required by the secretary and  
28 provide all information requested by the secretary, as provided by section  
29 2, and amendments thereto. If approved by the secretary, the qualified firm  
30 or qualified supplier shall enter into an agreement with the secretary with  
31 such terms and conditions as may be required by the secretary and  
32 commitments required by this act, as provided pursuant to section 2, and  
33 amendments thereto. The agreement shall set forth the maximum amount  
34 of the incentive that may be received for each year and shall require an  
35 annual showing of eligibility, including evidence showing the number of  
36 new hires and amount of eligible training and education expense, for each  
37 year the incentive is claimed.

38 (d) Subject to appropriations therefor, reimbursement in the amount  
39 approved by the secretary and pursuant to the terms of the agreement and  
40 the limitations of subsection (a) shall be made by the secretary from the  
41 attracting powerful economic expansion new employee training and  
42 education fund established in section 8, and amendments thereto, in  
43 accordance with appropriation acts upon warrants of the director of

1 accounts and reports issued pursuant to vouchers approved by the  
2 secretary of commerce or the secretary's designee.

3 (e) No reimbursement shall be issued unless the qualified firm or the  
4 qualified supplier has been certified by the secretary, as provided in section  
5 2, and amendments thereto, as meeting all requirements of this act, any  
6 rules and regulations of the secretary and the agreement executed pursuant  
7 to section 2, and amendments thereto.

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

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

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

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

32 (d) As used in this section:

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

- 39 (A) Advanced manufacturing;  
40 (B) aerospace;  
41 (C) distribution, logistics and transportation;  
42 (D) food and agriculture; or  
43 (E) professional and technical services.



1 (2) "Headquarters" means the same as defined in section 1, and  
2 amendments thereto, that is owned by a qualified firm or qualified  
3 supplier, as defined in paragraph (3).

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

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

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

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

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

40 (d) A sales tax exemption shall be revoked by the secretary of  
41 revenue upon notification by the secretary of commerce that the qualified  
42 firm or qualified supplier has been disapproved by the secretary of  
43 commerce.

1 New Sec. 11. (a) On or before January 31 of each year, the secretary  
2 of commerce shall transmit to the governor, the senate standing  
3 committees on assessment and taxation and commerce and the house of  
4 representatives standing committees on taxation and commerce, labor and  
5 economic development, or any successor committee, a report based on  
6 information received from each qualified firm or qualified supplier  
7 receiving benefits under this act, describing, at a minimum, the following:

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

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

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

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

43 (b) all sales of tangible personal property or service, including the

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

16 (c) all sales of tangible personal property or services, including the  
17 renting and leasing of tangible personal property, purchased directly by a  
18 public or private elementary or secondary school or public or private  
19 nonprofit educational institution and used primarily by such school or  
20 institution for nonsectarian programs and activities provided or sponsored  
21 by such school or institution or in the erection, repair or enlargement of  
22 buildings to be used for such purposes. The exemption herein provided  
23 shall not apply to erection, construction, repair, enlargement or equipment  
24 of buildings used primarily for human habitation, except that such  
25 exemption shall apply to the erection, construction, repair, enlargement or  
26 equipment of buildings used for human habitation by the cerebral palsy  
27 research foundation of Kansas located in Wichita, Kansas, and multi  
28 community diversified services, incorporated, located in McPherson,  
29 Kansas;

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

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

1 month following the close of the month in which it shall be determined  
2 that such materials will not be used for the purpose for which such  
3 certificate was issued, the political subdivision, district described in  
4 subsection (s), hospital or public hospital authority, school, educational  
5 institution or the contractor contracting with the department of corrections  
6 for a correctional institution concerned shall be liable for tax on all  
7 materials purchased for the project, and upon payment thereof it may  
8 recover the same from the contractor together with reasonable attorney  
9 fees. Any contractor or any agent, employee or subcontractor thereof, who  
10 shall use or otherwise dispose of any materials purchased under such a  
11 certificate for any purpose other than that for which such a certificate is  
12 issued without the payment of the sales or compensating tax otherwise  
13 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
14 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
15 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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

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

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

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

43 (n) all sales of tangible personal property that is consumed in the

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

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

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

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

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

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

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

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



1 farming, ranching or aquaculture production. Farming or ranching shall  
2 include the operation of a feedlot and farm and ranch work for hire and the  
3 operation of a nursery;

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

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

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

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

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

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

41 (aa) all sales of materials and services applied to equipment that is  
42 transported into the state from without the state for repair, service,  
43 alteration, maintenance, remanufacture or modification and that is

1 subsequently transported outside the state for use in the transmission of  
2 liquids or natural gas by means of pipeline in interstate or foreign  
3 commerce under authority of the laws of the United States;

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

9 (cc) all sales of tangible personal property or services purchased prior  
10 to January 1, 2012, except as otherwise provided, for the purpose of and in  
11 conjunction with constructing, reconstructing, enlarging or remodeling a  
12 business or retail business that meets the requirements established in  
13 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
14 machinery and equipment purchased for installation at any such business  
15 or retail business, and all sales of tangible personal property or services  
16 purchased on or after January 1, 2012, for the purpose of and in  
17 conjunction with constructing, reconstructing, enlarging or remodeling a  
18 business that meets the requirements established in K.S.A. 74-50,115(e),  
19 and amendments thereto, and the sale and installation of machinery and  
20 equipment purchased for installation at any such business. When a person  
21 shall contract for the construction, reconstruction, enlargement or  
22 remodeling of any such business or retail business, such person shall  
23 obtain from the state and furnish to the contractor an exemption certificate  
24 for the project involved, and the contractor may purchase materials,  
25 machinery and equipment for incorporation in such project. The contractor  
26 shall furnish the number of such certificates to all suppliers from whom  
27 such purchases are made, and such suppliers shall execute invoices  
28 covering the same bearing the number of such certificate. Upon  
29 completion of the project the contractor shall furnish to the owner of the  
30 business or retail business a sworn statement, on a form to be provided by  
31 the director of taxation, that all purchases so made were entitled to  
32 exemption under this subsection. All invoices shall be held by the  
33 contractor for a period of five years and shall be subject to audit by the  
34 director of taxation. Any contractor or any agent, employee or  
35 subcontractor thereof, who shall use or otherwise dispose of any materials,  
36 machinery or equipment purchased under such a certificate for any  
37 purpose other than that for which such a certificate is issued without the  
38 payment of the sales or compensating tax otherwise imposed thereon, shall  
39 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
40 to the penalties provided for in K.S.A. 79-3615(h), and amendments  
41 thereto. As used in this subsection, "business" and "retail business" mean  
42 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project  
43 exemption certificates that have been previously issued under this

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

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

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

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

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

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

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

41 (jj) all sales of tangible personal property or services, including the  
42 renting and leasing of tangible personal property, purchased directly on  
43 behalf of a community-based facility for people with intellectual disability

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

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

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

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

20 (2) For purposes of this subsection:

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

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

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

1 at retail;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (4) The following machinery, equipment and materials shall be

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

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

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

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

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

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

43 (E) furniture and other furnishings;

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

1 information on coping with diabetes, and professional education and  
2 training;

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

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

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

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

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

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

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

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

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

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

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

1 general public;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 communications commission, and all sales of electricity which are  
2 essential or necessary for the purpose of producing a broadcast signal or is  
3 such that the failure of the electricity would cause broadcasting to cease;

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

1 of a misdemeanor and, upon conviction therefor, shall be subject to the  
2 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.  
3 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
4 this act upon the gross receipts received from any sale exempted by the  
5 amendatory provisions of this subsection shall be refunded. Each claim for  
6 a sales tax refund shall be verified and submitted to the director of taxation  
7 upon forms furnished by the director and shall be accompanied by any  
8 additional documentation required by the director. The director shall  
9 review each claim and shall refund that amount of sales tax paid as  
10 determined under the provisions of this subsection. All refunds shall be  
11 paid from the sales tax refund fund upon warrants of the director of  
12 accounts and reports pursuant to vouchers approved by the director or the  
13 director's designee;

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

27 (iii) all sales of tangible personal property or services purchased by a  
28 contractor for the purpose of constructing, maintaining, repairing,  
29 enlarging, furnishing or remodeling facilities for the operation of services  
30 for Wichita children's home for any such purpose that would be exempt  
31 from taxation under the provisions of this section if purchased directly by  
32 Wichita children's home. Nothing in this subsection shall be deemed to  
33 exempt the purchase of any construction machinery, equipment or tools  
34 used in the constructing, maintaining, repairing, enlarging, furnishing or  
35 remodeling such facilities for Wichita children's home. When Wichita  
36 children's home contracts for the purpose of constructing, maintaining,  
37 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
38 from the state and furnish to the contractor an exemption certificate for the  
39 project involved, and the contractor may purchase materials for  
40 incorporation in such project. The contractor shall furnish the number of  
41 such certificate to all suppliers from whom such purchases are made, and  
42 such suppliers shall execute invoices covering the same bearing the  
43 number of such certificate. Upon completion of the project, the contractor

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

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

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

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

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

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

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

1 organization's fundraising event for such purpose; and  
2 (oooo) all sales of tangible personal property or services purchased  
3 on or after July 1, 2022, for the purpose of and in conjunction with  
4 constructing, reconstructing, enlarging or remodeling a qualified business  
5 facility by a qualified firm or qualified supplier that meets the  
6 requirements established in sections 2 and 10, and amendments thereto,  
7 and that has been approved for a project exemption certificate by the  
8 secretary of commerce, and the sale and installation of machinery and  
9 equipment purchased by such qualified firm or qualified supplier for  
10 installation at any such qualified building facility. When a person shall  
11 contract for the construction, reconstruction, enlargement or remodeling  
12 of any such qualified building facility, such person shall obtain from the  
13 state and furnish to the contractor an exemption certificate for the project  
14 involved, and the contractor may purchase materials, machinery and  
15 equipment for incorporation in such project. The contractor shall furnish  
16 the number of such certificates to all suppliers from whom such purchases  
17 are made, and such suppliers shall execute invoices covering the same  
18 bearing the number of such certificate. Upon completion of the project, the  
19 contractor shall furnish to the owner of the qualified firm or qualified  
20 supplier a sworn statement, on a form to be provided by the director of  
21 taxation, that all purchases so made were entitled to exemption under this  
22 subsection. All invoices shall be held by the contractor for a period of five  
23 years and shall be subject to audit by the director of taxation. Any  
24 contractor or any agent, employee or subcontractor thereof who shall use  
25 or otherwise dispose of any materials, machinery or equipment purchased  
26 under such a certificate for any purpose other than that for which such a  
27 certificate is issued without the payment of the sales or compensating tax  
28 otherwise imposed thereon, shall be guilty of a misdemeanor and, upon  
29 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
30 79-3615(h), and amendments thereto. As used in this subsection,  
31 "qualified business facility," "qualified firm" and "qualified supplier"  
32 mean the same as defined in section 1, and amendments thereto.

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

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