

House Substitute for SENATE BILL No. 127

By Committee on Taxation

2-12

1 AN ACT concerning taxation; relating to property tax; reducing penalties
2 for the late filing of or the failure to file statements listing property for
3 assessment and the discovery of escaped property; reporting changes
4 after initial statement; relating to income taxation; decreasing the
5 penalties for failing to timely remit withholding income taxes of
6 employees by employers; relating to sales and compensating use tax;
7 providing for a sales tax exemption for sales of property and services
8 used in the provision of communications services; amending K.S.A.
9 79-306, 79-332a, 79-1422, 79-1427a and 79-32,107 and K.S.A. 2023
10 Supp. 79-3606 and repealing the existing sections.

11

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

13 Section 1. K.S.A. 79-306 is hereby amended to read as follows: 79-
14 306. On or before March 15 of each year, or the next following business
15 day if such date falls on a day other than a regular business day, every
16 person, association, company or corporation required by this act to list
17 property shall make and personally sign a statement listing all tangible
18 personal property ~~which by this act~~ *that* such person is required to list *by*
19 *this act*, either as the owner thereof; or as parent, guardian, trustee,
20 executor, administrator, receiver, accounting officer, partner or agent, as
21 the case may be, and deliver the same to the county appraiser of the county
22 where such property has its situs for the purpose of taxation. In addition to
23 the foregoing requirements, any such statement prepared by a personal
24 property tax rendition form preparer shall be certified as true and correct
25 by such preparer's signature. *If a person has filed an initial statement*
26 *listing property with the county appraiser pursuant to this section, no*
27 *subsequent annual statement shall be required to be filed with the county*
28 *appraiser regarding such property unless there is a change to a report*
29 *relating to the property previously listed or the statement.*

30 Sec. 2. K.S.A. 79-332a is hereby amended to read as follows: 79-
31 332a. (a) Any person, corporation or association owning oil and gas leases
32 or engaged in operating for oil or gas who fails to make and file a
33 statement of assessment on or before April 1 shall be subject to a penalty
34 as follows:

35 (1) The appraiser shall, after having ascertained the assessed value of
36 the property of such taxpayer, add ~~5%~~ 2% thereto as a penalty for late

1 filing if the failure is not for more than one month, with an additional ~~5%~~
2 2% for each additional month or fraction thereof during which such failure
3 continues, not exceeding ~~25%~~ 10% in the aggregate.

4 (2) If the statement of assessment is filed more than one year from
5 April 1, the appraiser shall, after having ascertained the assessed value of
6 the property of such taxpayer, add ~~50%~~ 12.5% thereto as a penalty for late
7 filing. The county treasurer may not distribute any taxes assessed under
8 this section and paid under protest by the taxpayer pursuant to K.S.A. 79-
9 2005, and amendments thereto, until such time as the appeal is final.

10 (b) For good cause shown, the county appraiser may extend the time
11 in which to make and file such statement. Such request for extension of
12 time shall be in writing and ~~shall be~~ received by the county appraiser prior
13 to the due date of the statement of assessment.

14 (c) Whenever any person, corporation or association owning oil and
15 gas leases or engaged in operating for oil or gas ~~shall fail~~ fails to make and
16 deliver to the county appraiser of every county wherein the property to be
17 assessed is located; a full and complete statement of assessment relative to
18 such property as required by blank forms prepared or approved ~~for the~~
19 ~~purpose~~ by the director of property valuation to elicit the information
20 necessary to fix the valuation of the property, the appraiser shall ascertain
21 the assessed value of the property of such taxpayer; and ~~shall add 50%~~
22 12.5% thereto as a penalty for failing to file such statement.

23 (d) The state board of tax appeals shall have the authority to abate
24 any penalty imposed under the provisions of this section and order the
25 refund of the abated penalty; whenever excusable neglect on the part of the
26 person, corporation or association required to make and file the statement
27 of assessment is shown; or whenever the property for which a statement of
28 assessment was not filed as required by law is repossessed, judicially or
29 otherwise, by a secured creditor and such secured creditor pays the taxes
30 and interest due.

31 Sec. 3. K.S.A. 79-1422 is hereby amended to read as follows: 79-
32 1422. (a) Any person required to file a statement listing property for
33 assessment and taxation purposes under the provisions of this act who fails
34 to make and file such statement on or before the date prescribed by K.S.A.
35 79-306, and amendments thereto, shall be subject to a penalty as follows:

36 The appraiser shall, after having ascertained the assessed value of the
37 property of such taxpayer, add ~~5%~~ 2% thereto as a penalty for late filing if
38 the failure is not for more than one month, with an additional ~~5%~~ 2% for
39 each additional month or fraction thereof during which such failure
40 continues, not exceeding ~~25%~~ 10% in the aggregate.

41 For good cause shown the appraiser ~~may~~ shall extend ~~the~~ a reasonable
42 amount of time ~~in which~~ to make and file such statement. Such request for
43 extension of time must be in writing and ~~shall~~ state just and adequate

1 reasons ~~on~~ upon which the request ~~may~~ shall be granted. ~~The request must~~
2 ~~be received by the appraiser prior to the due date of the statement. For~~
3 ~~purposes of this section, on and after January 1, 2022, good cause for~~
4 ~~granting an extension of time in which to make and file a statement listing~~
5 ~~property for assessment and taxation purposes shall include, but not be~~
6 ~~limited to, the previous classification of the property as real property or as~~
7 ~~a fixture to real property. Such previous classification shall specifically~~
8 ~~include, but not be limited to, machinery and equipment used in the grain~~
9 ~~storage and processing industry, ethanol processing industry or other~~
10 ~~biofuels processing industry that had been previously classified as real~~
11 ~~property or fixtures to real property.~~

12 (b) If, within one year following the date prescribed by K.S.A. 79-
13 306, and amendments thereto, any person ~~shall fail~~ fails to make and file
14 the statement listing property for assessment and taxation purposes or ~~shall~~
15 ~~fail to make and file~~ a full and complete statement listing property for such
16 purposes, the appraiser shall proceed to ascertain the assessed value of the
17 property of such taxpayer, and for this purpose, the appraiser may examine
18 under oath any person or persons whom the appraiser deems to have
19 knowledge thereof. The appraiser shall, after having ascertained the
20 assessed value of such property, add ~~50%~~ 12.5% thereto as a penalty for
21 failure to file such statement or for failure to file a full and complete
22 statement.

23 (c) The state board of tax appeals ~~or the county appraiser shall have~~
24 ~~the authority to~~ abate any penalty imposed under the provisions of this
25 section and order the refund of the abated penalty; whenever excusable
26 neglect on the part of the person required to make and file the statement
27 listing property for assessment and taxation purposes is shown; or
28 whenever the property for which a statement of assessment was not filed
29 as required by law is repossessed, judicially or otherwise, by a secured
30 creditor and such secured creditor pays the taxes and interest due. *For*
31 *purposes of this section, on and after January 1, 2022, excusable neglect*
32 *for the failure to make and file a statement listing property for assessment*
33 *and taxation purposes shall include, but not be limited to, the previous*
34 *classification of the property as real property or as a fixture to real*
35 *property. Such previous classification shall specifically include, but not be*
36 *limited to, machinery and equipment used in the grain storage and*
37 *processing industry, ethanol processing industry or other biofuels*
38 *processing industry that had been previously classified as real property or*
39 *fixtures to real property.*

40 Sec. 4. K.S.A. 79-1427a is hereby amended to read as follows: 79-
41 1427a. (a) If, the county appraiser discovers, after the tax roll has been
42 certified to the county clerk, that any tangible personal property subject to
43 taxation has been omitted from the tax rolls, the county clerk shall place

1 such property on the tax roll as an added tax, or if, after one year from the
2 date prescribed by K.S.A. 79-306, and amendments thereto, for the listing
3 of tangible personal property, the county appraiser discovers that any
4 tangible personal property ~~which that~~ was subject to taxation in any year
5 or years within two years next preceding January 1 of the calendar year in
6 which it was discovered *that such property* has not been listed or has been
7 underreported for whatever reason, such property shall be deemed to have
8 escaped taxation. In the case of property ~~which that~~ has not been listed, it
9 shall be the duty of the county appraiser to list and appraise such property
10 and, for an added tax, add penalties as prescribed in K.S.A. 79-1422, and
11 amendments thereto, ~~and~~ which shall be designated on the appraisal roll as
12 an added appraisal for that year. In the case of property ~~which that~~ has
13 escaped taxation, it shall be the duty of the county appraiser to list and
14 appraise such property and add ~~50%~~ 12.5% thereto as a penalty for
15 escaping taxation for each such year during which such property was not
16 listed, ~~and it~~ which shall be designated on the appraisal roll as "escaped
17 appraisal" for each such preceding year or years. In the case of property
18 ~~which that~~ has been listed but underreported, it shall be the duty of the
19 county appraiser to list and appraise the underreported portion of such
20 property and add ~~50%~~ 12.5% thereto as a penalty for escaping taxation for
21 each such year during which such property was underreported, ~~and it~~
22 which shall be designated on the appraisal roll as "escaped appraisal" for
23 each such preceding year or years. The county clerk, upon receipt of the
24 valuation for such property in either of the aforementioned cases, shall
25 place such property on the tax rolls and compute the amount of tax due
26 based upon the mill levy for the year or years in which such tax should
27 have been levied; ~~and shall~~ certify such amount to the county treasurer as
28 an added or escaped appraisal. The amount of such tax shall be due
29 immediately and payable within 45 days after the issuance of an additional
30 or escaped property tax bill by the county treasurer. The county treasurer
31 may not distribute any taxes assessed under this section and paid under
32 protest by the taxpayer pursuant to K.S.A. 79-2005, and amendments
33 thereto, until such time as the appeal is final. No interest shall be imposed
34 unless the tax remains unpaid after such 45-day period. Taxes levied
35 pursuant to this section ~~which that~~ remain unpaid after such 45-day period
36 shall be deemed delinquent, and the county treasurer shall collect and
37 distribute such tax in the same manner as prescribed by law for the
38 collection and distribution of other taxes levied upon property ~~which that~~
39 are delinquent. If the owner of such property is deceased, taxes charged as
40 ~~herein~~ provided *in this subsection* shall be levied against the estate of such
41 deceased person for only two calendar years preceding death and ~~shall be~~
42 paid by the legal representative or representatives of such estate. In the
43 event that such escaped appraisal is due to any willful or clerical error of

1 the county appraiser, such property shall be appraised at ~~its~~ *such property's*
2 fair market value, and no penalty shall be added.

3 (b) A taxpayer with a grievance as to any penalty applied pursuant to
4 the provisions of this section; may appeal to the state board of tax appeals
5 on forms prepared by the state board of tax appeals and provided by the
6 county appraiser. The state board of tax appeals shall have the authority to
7 abate any penalty imposed under the provisions of this section and order
8 the refund of the abated penalty; whenever excusable neglect on the part of
9 the person required to make and file the statement listing property for
10 assessment and taxation purposes is shown; or whenever the property
11 ~~which~~ *that* has been deemed to have escaped taxation is repossessed,
12 judicially or otherwise, by a secured creditor and such creditor pays the
13 taxes and interest due. No interest shall be assessed during the pendency of
14 this appeal.

15 (c) The provisions of this section shall apply to any tangible personal
16 property discovered during the calendar years 1982, 1983, 1984 and any
17 year thereafter to have escaped appraisal and taxation during any such year
18 or any year within two years next preceding any such year.

19 Sec. 5. K.S.A. 79-32,107 is hereby amended to read as follows: 79-
20 32,107. (a) All penalties and interest prescribed by K.S.A. 79-3228, and
21 amendments thereto, for noncompliance with the income tax laws of
22 Kansas shall be applicable for noncompliance with the provisions of the
23 Kansas withholding and declaration of estimated tax act relating to
24 withholding tax, which shall be enforced in the same manner as the Kansas
25 income tax act. A penalty at the same rate per annum prescribed by
26 ~~subsection (b) of~~ K.S.A. 79-2968(b), and amendments thereto, for interest
27 upon delinquent or unpaid taxes shall be applied and added to a taxpayer's
28 amount of underpayment of estimated tax due from the date the estimated
29 tax payment was due until the same is paid or until the 15th day of the
30 fourth month following the close of the taxable year for which such
31 estimated tax is a credit, whichever date is earlier, but such penalty shall
32 not be added if the total amount thereof does not exceed \$1. For purposes
33 of this subsection, the amount of underpayment of estimated tax shall be
34 the excess of the amount of the installment ~~which~~ *that* would be required
35 to be paid if the estimated tax were equal to 90% of the tax shown on the
36 return for the taxable year or, if no return was filed, 90% of the tax for
37 such year, over the amount, if any, of the installment paid on or before the
38 last date prescribed for payment. Amounts due from any employer on
39 account of withholding or from any taxpayer for estimated tax may be
40 collected by the director in the manner provided for the collection of state
41 income tax in K.S.A. 79-3235, and amendments thereto. For purposes of
42 this subsection, "underpayment of tax" means the difference between the
43 amount of tax actually paid and the amount of tax ~~which~~ *that* would have

1 been required to be paid to avoid penalty pursuant to subsection (b) or (c).

2 (b) No penalty or interest shall be imposed upon any individual with
3 respect to any underpayment of any installment if the total amount of all
4 payments of estimated tax made on or before the last date prescribed for
5 the payment of such installment equals or exceeds the amount ~~which~~ *that*
6 would have been required to be paid on or before such date if the
7 estimated tax were whichever of the following is the least:

8 (1) The tax shown on the return of the individual for the preceding
9 taxable year, if a return showing a liability for tax was filed by the
10 individual for the preceding taxable year;

11 (2) zero if no return was required to be filed or ~~if~~ the tax liability on
12 the individual's return was less than \$200 for the preceding taxable year;

13 (3) an amount equal to $66\frac{2}{3}\%$, in the case of individuals referred to
14 ~~in subsection (b) of K.S.A. 79-32,102(b)~~, and amendments thereto, and
15 90%, in the case of all other individuals, of the tax for the taxable year,
16 computed by placing on an annualized basis, pursuant to rules and
17 regulations adopted by the secretary of revenue, the taxable income for the
18 months in the taxable year ending before the month in which the
19 installment is required to be made.

20 (c) No penalty or interest shall be imposed upon any corporation with
21 respect to any underpayment of any installment of estimated tax if the total
22 amount of all payments of estimated tax made on or before the last date
23 prescribed for the payment of such installment equals or exceeds the
24 amount ~~which~~ *that* would have been required to be paid on or before such
25 date if the estimated tax were whichever of the following is the least:

26 (1) The tax shown on the return of the corporation for the preceding
27 taxable year; if a return showing a liability for tax was filed by the
28 corporation for the preceding taxable year, or zero, if no return was
29 required to be filed; or ~~if~~ the tax liability on the corporation's return was
30 less than \$500 for the preceding taxable year; or

31 (2) (A) an amount equal to 90% of the tax for the taxable year,
32 computed by placing on an annualized basis the taxable income:

33 (i) For the first three months of the taxable year, in the case of the
34 installment required to be paid in the fourth month;

35 (ii) for the first three months or for the first five months of the taxable
36 year, in the case of the installment required to be paid in the sixth month;

37 (iii) for the first six months or for the first eight months of the taxable
38 year, in the case of the installment required to be paid in the ninth month;
39 and

40 (iv) for the first nine months or for the first 11 months of the taxable
41 year, in the case of the installment required to be paid in the 12th month of
42 the taxable year.

43 (B) For purposes of this ~~subsection~~ *paragraph* (2), the taxable income

1 shall be placed on an annualized basis by:

2 (i) Multiplying by 12 the taxable income referred to in ~~subsection (2)~~
3 ~~(A)~~; *subparagraph (A)*; and

4 (ii) dividing the resulting amount by the number of months in the
5 taxable year (three, five, six, eight, nine, or 11, as the case may be)
6 referred to in ~~subsection (2)(A)~~ *subparagraph (A)*.

7 (d) If the employer, in violation of the provisions of this act, fails to
8 deduct and withhold under this chapter, and thereafter, the tax *is paid*
9 against which such withholding may be credited ~~is paid~~, the amount
10 otherwise required to be deducted and withheld shall not be collected from
11 the employer. This subsection shall in no case relieve the employer from
12 liability for any penalties or additions to the tax otherwise applicable in
13 respect of such failure to deduct and withhold.

14 (e) Any person *who is* required to collect, truthfully account for; and
15 pay over any tax imposed by this act, ~~who~~ but willfully fails to collect such
16 tax, or truthfully account for and pay over such tax, or willfully attempts in
17 any manner to evade or defeat any such tax or the payment thereof; shall,
18 in addition to the other penalties of this section, be liable to a penalty equal
19 to the total amount of the tax evaded, or not collected, or not accounted for
20 and paid over. As used in this section, "willfully" has the same meaning as
21 such term ~~has is used~~ for federal tax purposes in 26 U.S.C. § 6672.

22 (f) (1) In case of failure by any employer required by ~~subsection (b)~~
23 ~~of~~ K.S.A. 79-3298(b), and amendments thereto, to remit any amount of
24 withheld taxes by the date prescribed therefor, unless it is shown that such
25 failure is due to reasonable cause and not due to willful neglect, there shall
26 be imposed upon such person a penalty of ~~15% of the amount of the~~
27 ~~underpayment~~:

28 (A) *2% of the amount of the underpayment if remitted within one to*
29 *five days;*

30 (B) *5% of the amount of the underpayment if remitted within six to 15*
31 *days;*

32 (C) *10% of the amount of the underpayment if remitted after 15 days;*
33 *and*

34 (D) *15% of the amount of the underpayment if remitted after 15 days*
35 *and the department has issued a notice to the person regarding the*
36 *underpayment but the amount of the underpayment was not remitted*
37 *within 10 days of issuance of the notice.*

38 (2) For purposes of this subsection, the term "underpayment" means
39 the excess of the amount of the tax required to be withheld and remitted
40 over the amount, if any, remitted on or before the date prescribed therefor.
41 The failure to remit for any withholding period shall be deemed not to
42 continue beyond the last date prescribed for filing the annual return as
43 required by ~~subsection (d)~~ of K.S.A. 79-3298(d), and amendments thereto.

1 Penalty and interest as prescribed by K.S.A. 79-3228, and amendments
2 thereto, shall not begin to accrue under subsection (a) ~~of this section~~ on the
3 amount of any such underpayment until the due date of the annual return
4 for the calendar year in which such failure to remit occurs.

5 (g) Whenever the secretary or the secretary's designee determines that
6 the failure of the taxpayer to comply with the provisions of subsections (a),
7 (e); or (f) ~~of this section~~ was due to reasonable causes, the secretary or the
8 secretary's designee may waive or reduce any of ~~said~~ such penalties and
9 may reduce the interest rate to the underpayment rate prescribed and
10 determined for the applicable period under section 6621 of the federal
11 internal revenue code as in effect on January 1, 1994, upon making a
12 record of the reasons therefor.

13 Sec. 6. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as
14 follows: 79-3606. The following shall be exempt from the tax imposed by
15 this act:

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

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

1 in such business;

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

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

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

1 79-3615(h), and amendments thereto;

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

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

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

1 modification and repair of aircraft;

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

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

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

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

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

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

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

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

1 plant and animal products, fiber or fur, or the production of offspring for
2 use for any such purpose or purposes;

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

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

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

40 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
41 all sales of tangible personal property or services purchased directly or
42 indirectly by a groundwater management district organized or operating
43 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (ff) on and after July 1, 1988, all sales of new mobile homes or

1 manufactured homes to the extent of 40% of the gross receipts, determined
2 without regard to any trade-in allowance, received from such sale. As used
3 in this subsection, "mobile homes" and "manufactured homes" mean the
4 same as defined in K.S.A. 58-4202, and amendments thereto;

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

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

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

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

42 (kk) (1) (A) all sales of machinery and equipment that are used in this
43 state as an integral or essential part of an integrated production operation

1 by a manufacturing or processing plant or facility;

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

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

6 (2) For purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

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

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

43 (E) test or measure raw materials, the property undergoing

1 manufacturing or processing of the finished product, as a necessary part of
2 the manufacturer's integrated production operations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (E) furniture and other furnishings;

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

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

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

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

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

43 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (bbb) all sales of food for human consumption by an organization that

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

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

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

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

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

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

41 (ggg) all sales of tangible personal property and services purchased
42 by or on behalf of the Kansas academy of science, which is exempt from
43 federal income taxation pursuant to section 501(c)(3) of the federal

1 internal revenue code of 1986, and used solely by such academy for the
2 preparation, publication and dissemination of education materials;

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

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

1 certificate was issued, such organization concerned shall be liable for tax
2 on all materials purchased for the project, and upon payment thereof it
3 may recover the same from the contractor together with reasonable
4 attorney fees. Any contractor or any agent, employee or subcontractor
5 thereof, who shall use or otherwise dispose of any materials purchased
6 under such a certificate for any purpose other than that for which such a
7 certificate is issued without the payment of the sales or compensating tax
8 otherwise imposed upon such materials, shall be guilty of a misdemeanor
9 and, upon conviction therefor, shall be subject to the penalties provided for
10 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
11 July 1, 2005, but prior to the effective date of this act upon the gross
12 receipts received from any sale exempted by the amendatory provisions of
13 this subsection shall be refunded. Each claim for a sales tax refund shall be
14 verified and submitted to the director of taxation upon forms furnished by
15 the director and shall be accompanied by any additional documentation
16 required by the director. The director shall review each claim and shall
17 refund that amount of sales tax paid as determined under the provisions of
18 this subsection. All refunds shall be paid from the sales tax refund fund
19 upon warrants of the director of accounts and reports pursuant to vouchers
20 approved by the director or the director's designee;

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

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

1 personal property by or on behalf of any such organization;

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

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

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

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

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

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

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

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

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

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

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

40 (uuu) all sales of tangible personal property and services purchased
41 by Kansas children's service league, hereinafter referred to as KCSL,
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 providing for the prevention and
2 treatment of child abuse and maltreatment as well as meeting additional
3 critical needs for children, juveniles and family, and all sales of any such
4 property by or on behalf of KCSL for any such purpose; and all sales of
5 tangible personal property or services purchased by a contractor for the
6 purpose of constructing, maintaining, repairing, enlarging, furnishing or
7 remodeling facilities for the operation of services for KCSL for any such
8 purpose that would be exempt from taxation under the provisions of this
9 section if purchased directly by KCSL. Nothing in this subsection shall be
10 deemed to exempt the purchase of any construction machinery, equipment
11 or tools used in the constructing, maintaining, repairing, enlarging,
12 furnishing or remodeling such facilities for KCSL. When KCSL 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 KCSL a
21 sworn statement, on a form to be provided by the director of taxation, that
22 all purchases so made were entitled to exemption under this subsection.
23 All invoices shall be held by the contractor for a period of five years and
24 shall be subject to audit by the director of taxation. If any materials
25 purchased under such a certificate are found not to have been incorporated
26 in the building or other project or not to have been returned for credit or
27 the sales or compensating tax otherwise imposed upon such materials that
28 will not be so incorporated in the building or other project reported and
29 paid by such contractor to the director of taxation not later than the 20th
30 day of the month following the close of the month in which it shall be
31 determined that such materials will not be used for the purpose for which
32 such certificate was issued, KCSL shall be liable for tax on all materials
33 purchased for the project, and upon payment thereof it may recover the
34 same from the contractor together with reasonable attorney fees. Any
35 contractor or any agent, employee or subcontractor thereof, who shall use
36 or otherwise dispose of any materials purchased under such a certificate
37 for any purpose other than that for which such a certificate is issued
38 without the payment of the sales or compensating tax otherwise imposed
39 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 (vvv) all sales of tangible personal property or services, including the
43 renting and leasing of tangible personal property or services, purchased by

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 (hhhh) all sales of tangible personal property or services purchased
29 on or after July 1, 2014, for the purpose of and in conjunction with
30 constructing, reconstructing, enlarging or remodeling a business identified
31 under the North American industry classification system (NAICS)
32 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
33 installation of machinery and equipment purchased for installation at any
34 such business. The exemption provided in this subsection shall not apply
35 to projects that have actual total costs less than \$50,000. When a person
36 contracts for the construction, reconstruction, enlargement or remodeling
37 of any such business, such person shall obtain from the state and furnish to
38 the contractor an exemption certificate for the project involved, and the
39 contractor may purchase materials, machinery and equipment for
40 incorporation in such project. The contractor shall furnish the number of
41 such certificates 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 the owner of the business a sworn statement, on a form to
2 be 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. Any contractor or any agent, employee or
6 subcontractor of the contractor, who shall use or otherwise dispose of any
7 materials, machinery or equipment purchased under such a certificate for
8 any purpose other than that for which such a certificate is issued without
9 the payment of the sales or compensating tax otherwise imposed thereon,
10 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
11 subject to the penalties provided for in K.S.A. 79-3615(h), and
12 amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

1 exemption certificate for the project involved, and such contractor may
 2 purchase materials for incorporation in such project. The contractor shall
 3 furnish the number of such certificate to all suppliers from whom such
 4 purchases are made, and such suppliers shall execute invoices covering the
 5 same bearing the number of such certificate. Upon completion of the
 6 project, the contractor shall furnish to such area agency on aging a sworn
 7 statement, on a form to be provided by the director of taxation, that all
 8 purchases so made were entitled to exemption under this subsection. All
 9 invoices shall be held by the contractor for a period of five years and shall
 10 be subject to audit by the director of taxation. If any materials purchased
 11 under such a certificate are found not to have been incorporated in the
 12 building or other project or not to have been returned for credit or the sales
 13 or compensating tax otherwise imposed upon such materials that will not
 14 be so incorporated in the building or other project reported and paid by
 15 such contractor to the director of taxation not later than the 20th day of the
 16 month following the close of the month in which it shall be determined
 17 that such materials will not be used for the purpose for which such
 18 certificate was issued, the area agency on aging concerned shall be liable
 19 for tax on all materials purchased for the project, and upon payment
 20 thereof, the area agency on aging may recover the same from the
 21 contractor together with reasonable attorney fees. Any contractor or any
 22 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;~~and~~

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

34 (rrrr) (1) (A) *all sales of equipment, machinery, software, ancillary*
 35 *components, appurtenances, accessories or other infrastructure purchased*
 36 *for use in the provision of communications services; and*

37 (B) *all services purchased by a provider in the provision of the*
 38 *communications service used in the repair, maintenance or installation in*
 39 *such communications service.*

40 (2) *As used in this section:*

41 (A) *"Communications service" means internet access service,*
 42 *telecommunications service, video service or any combination thereof.*

43 (B) *"Equipment, machinery, software, ancillary components,*

1 *appurtenances, accessories or other infrastructure" includes, but is not*
2 *limited to:*

3 *(i) Wires, cables, fiber, conduits, antennas, poles, switches, routers,*
4 *amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,*
5 *transmitters, circuit cards, insulating and protective materials and cases,*
6 *power equipment, backup power equipment, diagnostic equipment,*
7 *storage devices, modems, cable modem termination systems and servers;*

8 *(ii) other general central office or headend equipment, such as*
9 *channel cards, frames and cabinets;*

10 *(iii) equipment used in successor technologies, including items used*
11 *to monitor, test, maintain, enable or facilitate qualifying equipment,*
12 *machinery, software, ancillary components, appurtenances and*
13 *accessories; and*

14 *(iv) other infrastructure that is used in whole or in part to provide*
15 *communications services, including broadcasting, distributing, sending,*
16 *receiving, storing, transmitting, retransmitting, amplifying, switching,*
17 *providing connectivity for or routing communications services.*

18 *(C) "Internet access service" means the same as internet access as*
19 *defined in section 1105 of the internet tax freedom act amendments of*
20 *2007, public law 110-108.*

21 *(D) "Provider" means a person or entity that sells communications*
22 *service, including an affiliate or subsidiary.*

23 *(E) "Telecommunications service" means the same as defined in*
24 *K.S.A. 79-3602, and amendments thereto.*

25 *(F) "Video service" means the same as defined in K.S.A. 12-2022,*
26 *and amendments thereto.*

27 *(3) The provisions of this subsection shall expire and have no effect*
28 *on and after July 1, 2029.*

29 *Sec. 7. K.S.A. 79-306, 79-332a, 79-1422, 79-1427a and 79-32,107*
30 *and K.S.A. 2023 Supp. 79-3606 are hereby repealed.*

31 *Sec. 8. This act shall take effect and be in force from and after its*
32 *publication in the statute book.*