

HOUSE BILL No. 2408

By Committee on Taxation

3-11

1 AN ACT repealing certain sales tax exemptions; amending K.S.A. 2014
2 Supp. 74-50,115, 75-5133, 79-2982, 79-3603, 79-3606 and 79-3693
3 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 2014 Supp. 74-50,115 is hereby amended to read as
7 follows: 74-50,115. (a) A manufacturing business may be eligible for a
8 sales tax exemption under the provisions of ~~subsection (cc)~~ of K.S.A. 79-
9 3606(bb), and amendments thereto, if the manufacturing business
10 complies with the following requirements:

11 (1) A manufacturing business shall provide documented evidence of
12 job expansion involving the employment of at least two additional full-
13 time employees; and

14 (2) a manufacturing business located within the state of Kansas that
15 has documented evidence of job expansion as provided in paragraph (1),
16 which relocates in another city or county within the state of Kansas must
17 receive approval from the secretary prior to qualifying for the sales tax
18 exemption in ~~subsection (cc)~~ of K.S.A. 79-3606(bb), and amendments
19 thereto, except that approval by the secretary shall not be required if the
20 manufacturing business relocates within the same city.

21 (b) A nonmanufacturing business may be eligible for a sales tax
22 exemption under the provisions of ~~subsection (cc)~~ of K.S.A. 79-3606(bb),
23 and amendments thereto, if the nonmanufacturing business complies with
24 the following requirements:

25 (1) A nonmanufacturing business shall provide documented evidence
26 of job expansion involving the employment of at least five additional full-
27 time employees; and

28 (2) a nonmanufacturing business located within the state of Kansas
29 that has documented evidence of job expansion as provided in paragraph
30 (1), which relocates in another city or county within the state of Kansas
31 must receive approval from the secretary prior to qualifying for the sales
32 tax exemption in ~~subsection (cc)~~ of K.S.A. 79-3606(bb), and amendments
33 thereto, except that approval by the secretary shall not be required if the
34 nonmanufacturing business relocates within the same city.

35 (c) A retail business may qualify for the sales tax exemption under
36 ~~subsection (cc)~~ of K.S.A. 79-3606(bb), and amendments thereto, if the

1 retail business complies with the following requirements:

2 (1) A retail business shall provide documented evidence of job
3 expansion involving the employment of at least two additional full-time
4 employees; and

5 (2) (A) such retail business locates or expands to a city having a
6 population of 2,500 or less, as determined by the latest Kansas division of
7 budget revised population numbers that are certified to the secretary of
8 state, or (B) such retail business locates or expands to a location outside a
9 city in a county having a population of 10,000 or less, as determined by
10 the latest Kansas division of budget revised population numbers that are
11 certified to the secretary of state.

12 (d) Any person constructing, reconstructing, remodeling or enlarging
13 a facility which will be leased in whole or in part for a period of five years
14 or more, or commencing on the effective date of this act and ending on
15 April 1, 2007, any person constructing, reconstructing, remodeling or
16 enlarging a facility located within Saline county which title of such facility
17 will be conveyed, to a business that would be eligible for a sales tax
18 exemption hereunder if such business had constructed, reconstructed,
19 enlarged or remodeled such facility or portion thereof itself shall be
20 entitled to the sales tax exemption under the provisions of ~~subsection (ee)~~
21 ~~of K.S.A. 79-3606(bb)~~, and amendments thereto. When such person leases
22 less than the total facility to an eligible business, a project exemption
23 certificate may be granted on: (1) The total cost of constructing,
24 reconstructing, remodeling or enlarging, the facility multiplied by a
25 fraction given by dividing the number of leased square feet eligible for the
26 sales tax exemption by the total square feet being constructed,
27 reconstructed, remodeled or enlarged; or (2) the actual cost of
28 constructing, reconstructing, remodeling or enlarging that portion of the
29 facility to be occupied by the eligible business, as the person may elect.

30 (e) A business may qualify for a sales tax exemption under ~~subsection~~
31 ~~(ee)~~ ~~of K.S.A. 79-3606(bb)~~, and amendments thereto, without regard to
32 any of the foregoing requirements of this section if it is certified as a
33 qualified firm by the secretary of commerce pursuant to K.S.A. 74-50,131,
34 and amendments thereto, and is entitled to the corporate tax credit
35 established in K.S.A. 74-50,132, and amendments thereto, or has received
36 written approval for participation and has participated, during the tax year
37 in which the exemption is claimed, in training assistance by the
38 department of commerce under the Kansas industrial training, Kansas
39 industrial retraining or state of Kansas investments in lifelong learning
40 program.

41 (f) The secretary may adopt rules and regulations to implement and
42 administer the provisions of this section.

43 Sec. 2. K.S.A. 2014 Supp. 75-5133 is hereby amended to read as

1 follows: 75-5133. (a) Except as otherwise more specifically provided by
2 law, all information received by the secretary of revenue, the director of
3 taxation or the director of alcoholic beverage control from returns, reports,
4 license applications or registration documents made or filed under the
5 provisions of any law imposing any sales, use or other excise tax
6 administered by the secretary of revenue, the director of taxation, or the
7 director of alcoholic beverage control, or from any investigation conducted
8 under such provisions, shall be confidential, and it shall be unlawful for
9 any officer or employee of the department of revenue to divulge any such
10 information except in accordance with other provisions of law respecting
11 the enforcement and collection of such tax, in accordance with proper
12 judicial order or as provided in K.S.A. 74-2424, and amendments thereto.

13 (b) The secretary of revenue or the secretary's designee may:

14 (1) Publish statistics, so classified as to prevent identification of
15 particular reports or returns and the items thereof;

16 (2) allow the inspection of returns by the attorney general or the
17 attorney general's designee;

18 (3) provide the post auditor access to all such excise tax reports or
19 returns in accordance with and subject to the provisions of ~~subsection (g)~~
20 of K.S.A. 46-1106(g), and amendments thereto;

21 (4) disclose taxpayer information from excise tax returns to persons
22 or entities contracting with the secretary of revenue where the secretary
23 has determined disclosure of such information is essential for completion
24 of the contract and has taken appropriate steps to preserve confidentiality;

25 (5) provide information from returns and reports filed under article 42
26 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto,
27 to county appraisers as is necessary to insure proper valuations of property.
28 Information from such returns and reports may also be exchanged with any
29 other state agency administering and collecting conservation or other taxes
30 and fees imposed on or measured by mineral production;

31 (6) provide, upon request by a city or county clerk or treasurer or
32 finance officer of any city or county receiving distributions from a local
33 excise tax, monthly reports identifying each retailer doing business in such
34 city or county or making taxable sales sourced to such city or county,
35 setting forth the tax liability and the amount of such tax remitted by each
36 retailer during the preceding month, and identifying each business location
37 maintained by the retailer and such retailer's sales or use tax registration or
38 account number;

39 (7) provide information from returns and applications for registration
40 filed pursuant to K.S.A. 12-187, and amendments thereto, and K.S.A. 79-
41 3601, and amendments thereto, to a city or county treasurer or clerk or
42 finance officer to explain the basis of statistics contained in reports
43 provided by subsection (b)(6);

1 (8) disclose the following oil and gas production statistics received by
2 the department of revenue in accordance with K.S.A. 79-4216 et seq., and
3 amendments thereto: Volumes of production by well name, well number,
4 operator's name and identification number assigned by the state
5 corporation commission, lease name, leasehold property description,
6 county of production or zone of production, name of purchaser and
7 purchaser's tax identification number assigned by the department of
8 revenue, name of transporter, field code number or lease code, tax period,
9 exempt production volumes by well name or lease, or any combination of
10 this information;

11 (9) release or publish liquor brand registration information provided
12 by suppliers, farm wineries, microdistilleries and microbreweries in
13 accordance with the liquor control act. The information to be released is
14 limited to: Item number, universal numeric code, type status, product
15 description, alcohol percentage, selling units, unit size, unit of
16 measurement, supplier number, supplier name, distributor number and
17 distributor name;

18 (10) release or publish liquor license information provided by liquor
19 licensees, distributors, suppliers, farm wineries, microdistilleries and
20 microbreweries in accordance with the liquor control act. The information
21 to be released is limited to: County name, owner, business name, address,
22 license type, license number, license expiration date and the process agent
23 contact information;

24 (11) release or publish cigarette and tobacco license information
25 obtained from cigarette and tobacco licensees in accordance with the
26 Kansas cigarette and tobacco products act. The information to be released
27 is limited to: County name, owner, business name, address, license type
28 and license number;

29 (12) provide environmental surcharge or solvent fee, or both,
30 information from returns and applications for registration filed pursuant to
31 K.S.A. 65-34,150 and 65-34,151, and amendments thereto, to the secretary
32 of health and environment or the secretary's designee for the sole purpose
33 of ensuring that retailers collect the environmental surcharge tax or solvent
34 fee, or both;

35 (13) provide water protection fee information from returns and
36 applications for registration filed pursuant to K.S.A. 82a-954, and
37 amendments thereto, to the secretary of the state board of agriculture or the
38 secretary's designee and the secretary of the Kansas water office or the
39 secretary's designee for the sole purpose of verifying revenues deposited to
40 the state water plan fund;

41 (14) provide to the secretary of commerce copies of applications for
42 project exemption certificates sought by any taxpayer under the enterprise
43 zone sales tax exemption pursuant to ~~subsection (ee) of~~ K.S.A. 79-

1 3606(bb), and amendments thereto;

2 (15) disclose information received pursuant to the Kansas cigarette
3 and tobacco act and subject to the confidentiality provisions of this act to
4 any criminal justice agency, as defined in ~~subsection (e)~~ of K.S.A. 22-
5 4701(c), and amendments thereto, or to any law enforcement officer, as
6 defined in K.S.A. 2014 Supp. 21-5111, and amendments thereto, on behalf
7 of a criminal justice agency, when requested in writing in conjunction with
8 a pending investigation;

9 (16) provide to retailers tax exemption information for the sole
10 purpose of verifying the authenticity of tax exemption numbers issued by
11 the department;

12 (17) provide information concerning remittance by sellers, as defined
13 in K.S.A. 2014 Supp. 12-5363, and amendments thereto, of prepaid
14 wireless 911 fees from returns to the local collection point administrator,
15 as defined in K.S.A. 2014 Supp. 12-5363, and amendments thereto, for
16 purposes of verifying seller compliance with collection and remittance of
17 such fees; and

18 (18) release or publish charitable gaming information obtained in
19 bingo licensee and registration applications and renewals in accordance
20 with the bingo act, K.S.A. 79-4701 et seq., and amendments thereto. The
21 information to be released is limited to: The name, address, phone number,
22 license registration number and email address of the organization,
23 distributor or of premises.

24 (c) Any person receiving any information under the provisions of
25 subsection (b) shall be subject to the confidentiality provisions of
26 subsection (a) and to the penalty provisions of subsection (d).

27 (d) Any violation of this section shall be a class A, nonperson
28 misdemeanor, and if the offender is an officer or employee of this state,
29 such officer or employee shall be dismissed from office. Reports of
30 violations of this paragraph shall be investigated by the attorney general.
31 The district attorney or county attorney and the attorney general shall have
32 authority to prosecute any violation of this section if the offender is a city
33 or county clerk or treasurer or finance officer of a city or county.

34 Sec. 3. K.S.A. 2014 Supp. 79-2982 is hereby amended to read as
35 follows: 79-2982. Prior to January 1, 2017, the standing committee on
36 assessment and taxation of the senate and the standing committee on
37 taxation of the house of representatives shall review the income tax credit
38 cost effectiveness report prepared by the department of revenue as required
39 pursuant to K.S.A. 74-99b35, and amendments thereto, and other relevant
40 information to determine whether the credits provided in K.S.A. 74-50,132
41 and ~~subsection (e)~~ of K.S.A. 79-32,160a(e), and amendments thereto, and
42 the exemption provided in ~~subsection (ee)~~ of K.S.A. 79-3606(bb), and
43 amendments thereto, shall continue in effect or be repealed.

1 Sec. 4. K.S.A. 2014 Supp. 79-3603 is hereby amended to read as
2 follows: 79-3603. For the privilege of engaging in the business of selling
3 tangible personal property at retail in this state or rendering or furnishing
4 any of the services taxable under this act, there is hereby levied and there
5 shall be collected and paid a tax at the rate of 6.15%. Within a
6 redevelopment district established pursuant to K.S.A. 74-8921, and
7 amendments thereto, there is hereby levied and there shall be collected and
8 paid an additional tax at the rate of 2% until the earlier of the date the
9 bonds issued to finance or refinance the redevelopment project have been
10 paid in full or the final scheduled maturity of the first series of bonds
11 issued to finance any part of the project upon:

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

14 (b) the gross receipts from intrastate, interstate or international
15 telecommunications services and any ancillary services sourced to this
16 state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments
17 thereto, ~~except that telecommunications service does not include: (1) Any~~
18 ~~interstate or international 800 or 900 service; (2) any interstate or~~
19 ~~international private communications service as defined in K.S.A. 2014~~
20 ~~Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice~~
21 ~~data service; (4) any telecommunication service to a provider of~~
22 ~~telecommunication services which will be used to render~~
23 ~~telecommunications services, including carrier access services; or (5) any~~
24 ~~service or transaction defined in this section among entities classified as~~
25 ~~members of an affiliated group as provided by section 1504 of the federal~~
26 ~~internal revenue code of 1986, as in effect on January 1, 2001;~~

27 (c) the gross receipts from the sale or furnishing of gas, water,
28 electricity and heat, which sale is not otherwise exempt from taxation
29 under the provisions of this act, and whether furnished by municipally or
30 privately owned utilities, except that, on and after January 1, 2006, for
31 sales of gas, electricity and heat delivered through mains, lines or pipes to
32 residential premises for noncommercial use by the occupant of such
33 premises, and for agricultural use and also, for such use, all sales of
34 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
35 gas, coal, wood and other fuel sources for the production of heat or
36 lighting for noncommercial use of an occupant of residential premises, the
37 state rate shall be 0%, but such tax shall not be levied and collected upon
38 the gross receipts from: (1) The sale of a rural water district benefit unit;
39 (2) a water system impact fee, system enhancement fee or similar fee
40 collected by a water supplier as a condition for establishing service; or (3)
41 connection or reconnection fees collected by a water supplier;

42 (d) the gross receipts from the sale of meals or drinks furnished at any
43 private club, drinking establishment, catered event, restaurant, eating

1 house, dining car, hotel, drugstore or other place where meals or drinks are
2 regularly sold to the public;

3 (e) the gross receipts from the sale of admissions to any place
4 providing amusement, entertainment or recreation services including
5 admissions to state, county, district and local fairs, but such tax shall not
6 be levied and collected upon the gross receipts received from sales of
7 admissions to any cultural and historical event which occurs triennially;

8 (f) the gross receipts from the operation of any coin-operated device
9 dispensing or providing tangible personal property, amusement or other
10 services except laundry services, whether automatic or manually operated;

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

18 (h) the gross receipts from the service of renting or leasing of tangible
19 personal property except such tax shall not apply to the renting or leasing
20 of machinery, equipment or other personal property owned by a city and
21 purchased from the proceeds of industrial revenue bonds issued prior to
22 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
23 12-1749, and amendments thereto, and any city or lessee renting or leasing
24 such machinery, equipment or other personal property purchased with the
25 proceeds of such bonds who shall have paid a tax under the provisions of
26 this section upon sales made prior to July 1, 1973, shall be entitled to a
27 refund from the sales tax refund fund of all taxes paid thereon;

28 (i) the gross receipts from the rendering of dry cleaning, pressing,
29 dyeing and laundry services except laundry services rendered through a
30 coin-operated device whether automatic or manually operated;

31 (j) the gross receipts from the rendering of the services of washing
32 and washing and waxing of vehicles;

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

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

40 (2) Any such contractor, subcontractor or repairman who maintains
41 an inventory of such property both for sale at retail and for use by them for
42 the purposes described by paragraph (1) shall be deemed a retailer with
43 respect to purchases for and sales from such inventory, except that the

1 gross receipts received from any such sale, other than a sale at retail, shall
2 be equal to the total purchase price paid for such property and the tax
3 imposed thereon shall be paid by the deemed retailer;

4 (m) the gross receipts received from fees and charges by public and
5 private clubs, drinking establishments, organizations and businesses for
6 participation in sports, games and other recreational activities, but such tax
7 shall not be levied and collected upon the gross receipts received from: (1)
8 Fees and charges by any political subdivision, ~~by any organization exempt~~
9 ~~from property taxation pursuant to paragraph Ninth of K.S.A. 79-201, and~~
10 ~~amendments thereto,~~ or by any youth recreation organization exclusively
11 providing services to persons 18 years of age or younger which is exempt
12 from federal income taxation pursuant to section 501(c)(3) of the federal
13 internal revenue code of 1986, for participation in sports, games and other
14 recreational activities; and (2) entry fees and charges for participation in a
15 special event or tournament sanctioned by a national sporting association
16 to which spectators are charged an admission which is taxable pursuant to
17 subsection (e);

18 (n) the gross receipts received from dues charged by public and
19 private clubs, drinking establishments, organizations and businesses,
20 payment of which entitles a member to the use of facilities for recreation
21 or entertainment, but such tax shall not be levied and collected upon the
22 gross receipts received from: (1) Dues charged by any organization exempt
23 from property taxation pursuant to ~~paragraphs Eighth and Ninth of K.S.A.~~
24 ~~79-201~~ *Eighth*, and amendments thereto; and (2) sales of memberships in a
25 nonprofit organization which is exempt from federal income taxation
26 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
27 and whose purpose is to support the operation of a nonprofit zoo;

28 (o) the gross receipts received from the isolated or occasional sale of
29 motor vehicles or trailers but not including: (1) The transfer of motor
30 vehicles or trailers by a person to a corporation or limited liability
31 company solely in exchange for stock securities or membership interest in
32 such corporation or limited liability company; or (2) the transfer of motor
33 vehicles or trailers by one corporation or limited liability company to
34 another when all of the assets of such corporation or limited liability
35 company are transferred to such other corporation or limited liability
36 company; or (3) the sale of motor vehicles or trailers which are subject to
37 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
38 amendments thereto, by an immediate family member to another
39 immediate family member. For the purposes of ~~clause paragraph~~ (3),
40 immediate family member means lineal ascendants or descendants, and
41 their spouses. Any amount of sales tax paid pursuant to the Kansas
42 retailers sales tax act on the isolated or occasional sale of motor vehicles or
43 trailers on and after July 1, 2004, which the base for computing the tax

1 was the value pursuant to ~~subsections (a), (b)(1) and (b)(2)~~ of K.S.A. 79-
2 5105(a), (b)(1) and (b)(2), and amendments thereto, when such amount
3 was higher than the amount of sales tax which would have been paid under
4 the law as it existed on June 30, 2004, shall be refunded to the taxpayer
5 pursuant to the procedure prescribed by this section. Such refund shall be
6 in an amount equal to the difference between the amount of sales tax paid
7 by the taxpayer and the amount of sales tax which would have been paid
8 by the taxpayer under the law as it existed on June 30, 2004. Each claim
9 for a sales tax refund shall be verified and submitted not later than six
10 months from the effective date of this act to the director of taxation upon
11 forms furnished by the director and shall be accompanied by any
12 additional documentation required by the director. The director shall
13 review each claim and shall refund that amount of tax paid as provided by
14 this act. All such refunds shall be paid from the sales tax refund fund, upon
15 warrants of the director of accounts and reports pursuant to vouchers
16 approved by the director of taxation or the director's designee. No refund
17 for an amount less than \$10 shall be paid pursuant to this act. In
18 determining the base for computing the tax on such isolated or occasional
19 sale, the fair market value of any motor vehicle or trailer traded in by the
20 purchaser to the seller may be deducted from the selling price;

21 (p) the gross receipts received for the service of installing or applying
22 tangible personal property which when installed or applied is not being
23 held for sale in the regular course of business, and whether or not such
24 tangible personal property when installed or applied remains tangible
25 personal property or becomes a part of real estate, except that no tax shall
26 be imposed upon the service of installing or applying tangible personal
27 property in connection with the original construction of a building or
28 facility, the original construction, reconstruction, restoration, remodeling,
29 renovation, repair or replacement of a residence or the construction,
30 reconstruction, restoration, replacement or repair of a bridge or highway.

31 For the purposes of this subsection:

32 (1) "Original construction" shall mean the first or initial construction
33 of a new building or facility. The term "original construction" shall include
34 the addition of an entire room or floor to any existing building or facility,
35 the completion of any unfinished portion of any existing building or
36 facility and the restoration, reconstruction or replacement of a building,
37 facility or utility structure damaged or destroyed by fire, flood, tornado,
38 lightning, explosion, windstorm, ice loading and attendant winds,
39 terrorism or earthquake, but such term, except with regard to a residence,
40 shall not include replacement, remodeling, restoration, renovation or
41 reconstruction under any other circumstances;

42 (2) "building" shall mean only those enclosures within which
43 individuals customarily are employed, or which are customarily used to

1 house machinery, equipment or other property, and including the land
2 improvements immediately surrounding such building;

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

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

11 (5) "utility structure" shall mean transmission and distribution lines
12 owned by an independent transmission company or cooperative, the
13 Kansas electric transmission authority or natural gas or electric public
14 utility; and

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

18 (q) the gross receipts received for the service of repairing, servicing,
19 altering or maintaining tangible personal property which when such
20 services are rendered is not being held for sale in the regular course of
21 business, and whether or not any tangible personal property is transferred
22 in connection therewith. The tax imposed by this subsection shall be
23 applicable to the services of repairing, servicing, altering or maintaining an
24 item of tangible personal property which has been and is fastened to,
25 connected with or built into real property;

26 (r) the gross receipts from fees or charges made under service or
27 maintenance agreement contracts for services, charges for the providing of
28 which are taxable under the provisions of subsection (p) or (q);

29 (s) on and after January 1, 2005, the gross receipts received from the
30 sale of prewritten computer software and the sale of the services of
31 modifying, altering, updating or maintaining prewritten computer
32 software, whether the prewritten computer software is installed or
33 delivered electronically by tangible storage media physically transferred to
34 the purchaser or by load and leave;

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

36 (u) the gross receipts received from the sale of prepaid calling service
37 and prepaid wireless calling service as defined in K.S.A. 2014 Supp. 79-
38 3673, and amendments thereto; and

39 (v) the gross receipts received from the sales of bingo cards, bingo
40 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
41 and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,
42 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before
43 July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo

1 faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,
2 and amendments thereto, shall be exempt from taxes imposed pursuant to
3 this section.

4 Sec. 5. K.S.A. 2014 Supp. 79-3606 is hereby amended to read as
5 follows: 79-3606. The following shall be exempt from the tax imposed by
6 this act:

7 (a) All sales of motor-vehicle fuel or other articles upon which a sales
8 or excise tax has been paid, not subject to refund, under the laws of this
9 state except cigarettes as defined by K.S.A. 79-3301, and amendments
10 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
11 3817, and amendments thereto, including wort, liquid malt, malt syrup and
12 malt extract, which is not subject to taxation under the provisions of
13 K.S.A. 79-41a02, and amendments thereto, motor vehicles taxed pursuant
14 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to K.S.A.
15 65-3424d, and amendments thereto, drycleaning and laundry services
16 taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and gross
17 receipts from regulated sports contests taxed pursuant to the Kansas
18 professional regulated sports act, and amendments thereto;

19 (b) all sales of tangible personal property or service, including the
20 renting and leasing of tangible personal property, purchased directly by the
21 state of Kansas, a political subdivision thereof, other than a school or
22 educational institution, or purchased by a public or private nonprofit
23 hospital or public hospital authority or nonprofit blood, tissue or organ
24 bank and used exclusively for state, political subdivision, hospital or
25 public hospital authority or nonprofit blood, tissue or organ bank purposes,
26 except when: (1) Such state, hospital or public hospital authority is
27 engaged or proposes to engage in any business specifically taxable under
28 the provisions of this act and such items of tangible personal property or
29 service are used or proposed to be used in such business; or (2) such
30 political subdivision is engaged or proposes to engage in the business of
31 furnishing gas, electricity or heat to others and such items of personal
32 property or service are used or proposed to be used in such business;

33 (c) all sales of tangible personal property or services, including the
34 renting and leasing of tangible personal property, purchased directly by a
35 public or private elementary or secondary school or public or private
36 nonprofit educational institution and used primarily by such school or
37 institution for nonsectarian programs and activities provided or sponsored
38 by such school or institution or in the erection, repair or enlargement of
39 buildings to be used for such purposes. The exemption herein provided
40 shall not apply to erection, construction, repair, enlargement or equipment
41 of buildings used primarily for human habitation;

42 (d) all sales of tangible personal property or services purchased by a
43 contractor for the purpose of constructing, equipping, reconstructing,

1 maintaining, repairing, enlarging, furnishing or remodeling facilities for
2 any public or private nonprofit hospital or public hospital authority, public
3 or private elementary or secondary school, a public or private nonprofit
4 educational institution, state correctional institution including a privately
5 constructed correctional institution contracted for state use and ownership,
6 which would be exempt from taxation under the provisions of this act if
7 purchased directly by such hospital or public hospital authority, school,
8 educational institution or a state correctional institution; and all sales of
9 tangible personal property or services purchased by a contractor for the
10 purpose of constructing, equipping, reconstructing, maintaining, repairing,
11 enlarging, furnishing or remodeling facilities for any political subdivision
12 of the state or district described in subsection (s), the total cost of which is
13 paid from funds of such political subdivision or district and which would
14 be exempt from taxation under the provisions of this act if purchased
15 directly by such political subdivision or district. Nothing in this subsection
16 or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be
17 deemed to exempt the purchase of any construction machinery, equipment
18 or tools used in the constructing, equipping, reconstructing, maintaining,
19 repairing, enlarging, furnishing or remodeling facilities for any political
20 subdivision of the state or any such district. As used in this subsection,
21 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
22 political subdivision" shall mean general tax revenues, the proceeds of any
23 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
24 purpose of constructing, equipping, reconstructing, repairing, enlarging,
25 furnishing or remodeling facilities which are to be leased to the donor.
26 When any political subdivision of the state, district described in subsection
27 (s), public or private nonprofit hospital or public hospital authority, public
28 or private elementary or secondary school, public or private nonprofit
29 educational institution, state correctional institution including a privately
30 constructed correctional institution contracted for state use and ownership
31 shall contract for the purpose of constructing, equipping, reconstructing,
32 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
33 shall obtain from the state and furnish to the contractor an exemption
34 certificate for the project involved, and the contractor may purchase
35 materials for incorporation in such project. The contractor shall furnish the
36 number of such certificate to all suppliers from whom such purchases are
37 made, and such suppliers shall execute invoices covering the same bearing
38 the number of such certificate. Upon completion of the project the
39 contractor shall furnish to the political subdivision, district described in
40 subsection (s), hospital or public hospital authority, school, educational
41 institution or department of corrections concerned a sworn statement, on a
42 form to be provided by the director of taxation, that all purchases so made
43 were entitled to exemption under this subsection. As an alternative to the

1 foregoing procedure, any such contracting entity may apply to the
2 secretary of revenue for agent status for the sole purpose of issuing and
3 furnishing project exemption certificates to contractors pursuant to rules
4 and regulations adopted by the secretary establishing conditions and
5 standards for the granting and maintaining of such status. All invoices
6 shall be held by the contractor for a period of five years and shall be
7 subject to audit by the director of taxation. If any materials purchased
8 under such a certificate are found not to have been incorporated in the
9 building or other project or not to have been returned for credit or the sales
10 or compensating tax otherwise imposed upon such materials which will
11 not be so incorporated in the building or other project reported and paid by
12 such contractor to the director of taxation not later than the 20th day of the
13 month following the close of the month in which it shall be determined
14 that such materials will not be used for the purpose for which such
15 certificate was issued, the political subdivision, district described in
16 subsection (s), hospital or public hospital authority, school, educational
17 institution or the contractor contracting with the department of corrections
18 for a correctional institution concerned shall be liable for tax on all
19 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
27 subsection (g) of K.S.A. 79-3615(h), and amendments thereto;

28 (e) all sales of tangible personal property or services purchased by a
29 contractor for the erection, repair or enlargement of buildings or other
30 projects for the government of the United States, its agencies or
31 instrumentalities, which would be exempt from taxation if purchased
32 directly by the government of the United States, its agencies or
33 instrumentalities. When the government of the United States, its agencies
34 or instrumentalities shall contract for the erection, repair, or enlargement
35 of any building or other project, it shall obtain from the state and furnish to
36 the contractor an exemption certificate for the project involved, and the
37 contractor may purchase materials for incorporation in such project. The
38 contractor shall furnish the number of such certificates to all suppliers
39 from whom such purchases are made, and such suppliers shall execute
40 invoices covering the same bearing the number of such certificate. Upon
41 completion of the project the contractor shall furnish to the government of
42 the United States, its agencies or instrumentalities concerned a sworn
43 statement, on a form to be provided by the director of taxation, that all

1 purchases so made were entitled to exemption under this subsection. As an
2 alternative to the foregoing procedure, any such contracting entity may
3 apply to the secretary of revenue for agent status for the sole purpose of
4 issuing and furnishing project exemption certificates to contractors
5 pursuant to rules and regulations adopted by the secretary establishing
6 conditions and standards for the granting and maintaining of such status.
7 All invoices shall be held by the contractor for a period of five years and
8 shall be subject to audit by the director of taxation. Any contractor or any
9 agent, employee or subcontractor thereof, who shall use or otherwise
10 dispose of any materials purchased under such a certificate for any purpose
11 other than that for which such a certificate is issued without the payment
12 of the sales or compensating tax otherwise imposed upon such materials,
13 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
14 subject to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-
15 3615(h), and amendments thereto;

16 (f) tangible personal property purchased by a railroad or public utility
17 for consumption or movement directly and immediately in interstate
18 commerce;

19 (g) sales of aircraft including remanufactured and modified aircraft
20 sold to persons using directly or through an authorized agent such aircraft
21 as certified or licensed carriers of persons or property in interstate or
22 foreign commerce under authority of the laws of the United States or any
23 foreign government or sold to any foreign government or agency or
24 instrumentality of such foreign government and all sales of aircraft for use
25 outside of the United States and sales of aircraft repair, modification and
26 replacement parts and sales of services employed in the remanufacture,
27 modification and repair of aircraft;

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

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

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

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

43 (l) all isolated or occasional sales of tangible personal property,

1 services, substances or things, except isolated or occasional sale of motor
2 vehicles specifically taxed under the provisions of ~~subsection (o)~~ of K.S.A.
3 79-3603(o), and amendments thereto;

4 (m) all sales of tangible personal property which become an
5 ingredient or component part of tangible personal property or services
6 produced, manufactured or compounded for ultimate sale at retail within
7 or without the state of Kansas; and any such producer, manufacturer or
8 compounder may obtain from the director of taxation and furnish to the
9 supplier an exemption certificate number for tangible personal property for
10 use as an ingredient or component part of the property or services
11 produced, manufactured or compounded;

12 (n) all sales of tangible personal property which is consumed in the
13 production, manufacture, processing, mining, drilling, refining or
14 compounding of tangible personal property, the treating of by-products or
15 wastes derived from any such production process, the providing of
16 services or the irrigation of crops for ultimate sale at retail within or
17 without the state of Kansas; and any purchaser of such property may
18 obtain from the director of taxation and furnish to the supplier an
19 exemption certificate number for tangible personal property for
20 consumption in such production, manufacture, processing, mining,
21 drilling, refining, compounding, treating, irrigation and in providing such
22 services;

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

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

43 (q) all sales of insulin dispensed by a person licensed by the state

1 board of pharmacy to a person for treatment of diabetes at the direction of
2 a person licensed to practice medicine by the board of healing arts;

3 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
4 enteral feeding systems, prosthetic devices and mobility enhancing
5 equipment prescribed in writing by a person licensed to practice the
6 healing arts, dentistry or optometry, and in addition to such sales, all sales
7 of hearing aids, as defined by ~~subsection (e) of K.S.A. 74-5807(c)~~, and
8 amendments thereto, and repair and replacement parts therefor, including
9 batteries, by a person licensed in the practice of dispensing and fitting
10 hearing aids pursuant to the provisions of K.S.A. 74-5808, and
11 amendments thereto. For the purposes of this subsection: (1) "Mobility
12 enhancing equipment" means equipment including repair and replacement
13 parts to same, but does not include durable medical equipment, which is
14 primarily and customarily used to provide or increase the ability to move
15 from one place to another and which is appropriate for use either in a
16 home or a motor vehicle; is not generally used by persons with normal
17 mobility; and does not include any motor vehicle or equipment on a motor
18 vehicle normally provided by a motor vehicle manufacturer; and (2)
19 "prosthetic device" means a replacement, corrective or supportive device
20 including repair and replacement parts for same worn on or in the body to
21 artificially replace a missing portion of the body, prevent or correct
22 physical deformity or malfunction or support a weak or deformed portion
23 of the body;

24 (s) except as provided in K.S.A. 2014 Supp. 82a-2101, and
25 amendments thereto, all sales of tangible personal property or services
26 purchased directly or indirectly by a groundwater management district
27 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
28 amendments thereto, by a rural water district organized or operating under
29 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
30 supply district organized or operating under the authority of K.S.A. 19-
31 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
32 property or services are used in the construction activities, operation or
33 maintenance of the district;

34 (t) all sales of farm machinery and equipment or aquaculture
35 machinery and equipment, repair and replacement parts therefor and
36 services performed in the repair and maintenance of such machinery and
37 equipment. For the purposes of this subsection the term "farm machinery
38 and equipment or aquaculture machinery and equipment" shall include a
39 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments
40 thereto, and is equipped with a bed or cargo box for hauling materials, and
41 shall also include machinery and equipment used in the operation of
42 Christmas tree farming but shall not include any passenger vehicle, truck,
43 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as

1 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm
2 machinery and equipment" includes precision farming equipment that is
3 portable or is installed or purchased to be installed on farm machinery and
4 equipment. "Precision farming equipment" includes the following items
5 used only in computer-assisted farming, ranching or aquaculture
6 production operations: Soil testing sensors, yield monitors, computers,
7 monitors, software, global positioning and mapping systems, guiding
8 systems, modems, data communications equipment and any necessary
9 mounting hardware, wiring and antennas. Each purchaser of farm
10 machinery and equipment or aquaculture machinery and equipment
11 exempted herein must certify in writing on the copy of the invoice or sales
12 ticket to be retained by the seller that the farm machinery and equipment
13 or aquaculture machinery and equipment purchased will be used only in
14 farming, ranching or aquaculture production. Farming or ranching shall
15 include the operation of a feedlot and farm and ranch work for hire and the
16 operation of a nursery;

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

20 (v) all sales of tangible personal property to any contractor for use in
21 preparing meals for delivery to homebound elderly persons over 60 years
22 of age and to homebound disabled persons or to be served at a group-
23 sitting at a location outside of the home to otherwise homebound elderly
24 persons over 60 years of age and to otherwise homebound disabled
25 persons, as all or part of any food service project funded in whole or in
26 part by government or as part of a private nonprofit food service project
27 available to all such elderly or disabled persons residing within an area of
28 service designated by the private nonprofit organization, and all sales of
29 tangible personal property for use in preparing meals for consumption by
30 indigent or homeless individuals whether or not such meals are consumed
31 at a place designated for such purpose, and all sales of food products by or
32 on behalf of any such contractor or organization for any such purpose;

33 (w) all sales of natural gas, electricity, heat and water delivered
34 through mains, lines or pipes: (1) To residential premises for
35 noncommercial use by the occupant of such premises; (2) for agricultural
36 use and also, for such use, all sales of propane gas; (3) for use in the
37 severing of oil; and (4) to any property which is exempt from property
38 taxation pursuant to K.S.A. 79-201b, *Second* through *Sixth*. As used in this
39 paragraph, "severing" shall have the meaning ascribed thereto by
40 ~~subsection (k) of K.S.A. 79-4216(k)~~, and amendments thereto. For all sales
41 of natural gas, electricity and heat delivered through mains, lines or pipes
42 pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions
43 of this subsection shall expire on December 31, 2005;

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

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

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

11 ~~(aa) all sales of materials and services applied to equipment which is~~
12 ~~transported into the state from without the state for repair, service,~~
13 ~~alteration, maintenance, remanufacture or modification and which is~~
14 ~~subsequently transported outside the state for use in the transmission of~~
15 ~~liquids or natural gas by means of pipeline in interstate or foreign~~
16 ~~commerce under authority of the laws of the United States;~~

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

22 ~~(ee)~~(bb) all sales of tangible personal property or services purchased
23 prior to January 1, 2012, except as otherwise provided, for the purpose of
24 and in conjunction with constructing, reconstructing, enlarging or
25 remodeling a business or retail business which meets the requirements
26 established in K.S.A. 74-50,115, and amendments thereto, and the sale and
27 installation of machinery and equipment purchased for installation at any
28 such business or retail business, and all sales of tangible personal property
29 or services purchased on or after January 1, 2012, for the purpose of and in
30 conjunction with constructing, reconstructing, enlarging or remodeling a
31 business which meets the requirements established in K.S.A. 74-50,115(e),
32 and amendments thereto, and the sale and installation of machinery and
33 equipment purchased for installation at any such business. When a person
34 shall contract for the construction, reconstruction, enlargement or
35 remodeling of any such business or retail business, such person shall
36 obtain from the state and furnish to the contractor an exemption certificate
37 for the project involved, and the contractor may purchase materials,
38 machinery and equipment for incorporation in such project. The contractor
39 shall furnish the number of such certificates to all suppliers from whom
40 such purchases are made, and such suppliers shall execute invoices
41 covering the same bearing the number of such certificate. Upon
42 completion of the project the contractor shall furnish to the owner of the
43 business or retail business a sworn statement, on a form to be provided by

1 the director of taxation, that all purchases so made were entitled to
2 exemption under this subsection. All invoices shall be held by the
3 contractor for a period of five years and shall be subject to audit by the
4 director of taxation. Any contractor or any agent, employee or
5 subcontractor thereof, who shall use or otherwise dispose of any materials,
6 machinery or equipment purchased under such a certificate for any
7 purpose other than that for which such a certificate is issued without the
8 payment of the sales or compensating tax otherwise imposed thereon, shall
9 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
10 to the penalties provided for in ~~subsection (g)~~ of K.S.A. 79-3615(h), and
11 amendments thereto. As used in this subsection, "business" and "retail
12 business" have the meanings respectively ascribed thereto by K.S.A. 74-
13 50,114, and amendments thereto. Project exemption certificates that have
14 been previously issued under this subsection by the department of revenue
15 pursuant to K.S.A. 74-50,115, and amendments thereto, but not including
16 K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
17 and have not expired will be effective for the term of the project or two
18 years from the effective date of the certificate, whichever occurs earlier.
19 Project exemption certificates that are submitted to the department of
20 revenue prior to January 1, 2012, and are found to qualify will be issued a
21 project exemption certificate that will be effective for a two-year period or
22 for the term of the project, whichever occurs earlier;

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

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

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

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

36 ~~(hh)~~ (gg) all sales of medical supplies and equipment, including
37 durable medical equipment, purchased directly by a nonprofit skilled
38 nursing home or nonprofit intermediate nursing care home, as defined by
39 K.S.A. 39-923, and amendments thereto, for the purpose of providing
40 medical services to residents thereof. This exemption shall not apply to
41 tangible personal property customarily used for human habitation
42 purposes. As used in this subsection, "durable medical equipment" means
43 equipment including repair and replacement parts for such equipment,

1 which can withstand repeated use, is primarily and customarily used to
2 serve a medical purpose, generally is not useful to a person in the absence
3 of illness or injury and is not worn in or on the body, but does not include
4 mobility enhancing equipment as defined in subsection (r), oxygen
5 delivery equipment, kidney dialysis equipment or enteral feeding systems;

6 ~~(ii)~~ *(hh)* all sales of tangible personal property purchased directly by a
7 nonprofit organization for nonsectarian comprehensive multidiscipline
8 youth development programs and activities provided or sponsored by such
9 organization, and all sales of tangible personal property by or on behalf of
10 any such organization *but not including sales of memberships or sales for*
11 *participation in sports, games and other recreational activities*. This
12 exemption shall not apply to tangible personal property customarily used
13 for human habitation purposes;

14 ~~(jj)~~ *(ii)* all sales of tangible personal property or services, including
15 the renting and leasing of tangible personal property, purchased directly on
16 behalf of a community-based facility for people with intellectual disability
17 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
18 amendments thereto, and licensed in accordance with the provisions of
19 K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
20 personal property or services purchased by contractors during the time
21 period from July, 2003, through June, 2006, for the purpose of
22 constructing, equipping, maintaining or furnishing a new facility for a
23 community-based facility for people with intellectual disability or mental
24 health center located in Riverton, Cherokee County, Kansas, which would
25 have been eligible for sales tax exemption pursuant to this subsection if
26 purchased directly by such facility or center. This exemption shall not
27 apply to tangible personal property customarily used for human habitation
28 purposes;

29 ~~(kk)~~ *(jj)* (1) (A) all sales of machinery and equipment which are used
30 in this state as an integral or essential part of an integrated production
31 operation by a manufacturing or processing plant or facility;

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

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

36 (2) For purposes of this subsection:

37 (A) "Integrated production operation" means an integrated series of
38 operations engaged in at a manufacturing or processing plant or facility to
39 process, transform or convert tangible personal property by physical,
40 chemical or other means into a different form, composition or character
41 from that in which it originally existed. Integrated production operations
42 shall include: (i) Production line operations, including packaging
43 operations; (ii) preproduction operations to handle, store and treat raw

1 materials; (iii) post production handling, storage, warehousing and
2 distribution operations; and (iv) waste, pollution and environmental
3 control operations, if any;

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

7 (C) "manufacturing or processing plant or facility" means a single,
8 fixed location owned or controlled by a manufacturing or processing
9 business that consists of one or more structures or buildings in a
10 contiguous area where integrated production operations are conducted to
11 manufacture or process tangible personal property to be ultimately sold at
12 retail. Such term shall not include any facility primarily operated for the
13 purpose of conveying or assisting in the conveyance of natural gas,
14 electricity, oil or water. A business may operate one or more manufacturing
15 or processing plants or facilities at different locations to manufacture or
16 process a single product of tangible personal property to be ultimately sold
17 at retail;

18 (D) "manufacturing or processing business" means a business that
19 utilizes an integrated production operation to manufacture, process,
20 fabricate, finish, or assemble items for wholesale and retail distribution as
21 part of what is commonly regarded by the general public as an industrial
22 manufacturing or processing operation or an agricultural commodity
23 processing operation. (i) Industrial manufacturing or processing operations
24 include, by way of illustration but not of limitation, the fabrication of
25 automobiles, airplanes, machinery or transportation equipment, the
26 fabrication of metal, plastic, wood, or paper products, electricity power
27 generation, water treatment, petroleum refining, chemical production,
28 wholesale bottling, newspaper printing, ready mixed concrete production,
29 and the remanufacturing of used parts for wholesale or retail sale. Such
30 processing operations shall include operations at an oil well, gas well,
31 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
32 sand or gravel that has been extracted from the earth is cleaned, separated,
33 crushed, ground, milled, screened, washed, or otherwise treated or
34 prepared before its transmission to a refinery or before any other wholesale
35 or retail distribution. (ii) Agricultural commodity processing operations
36 include, by way of illustration but not of limitation, meat packing, poultry
37 slaughtering and dressing, processing and packaging farm and dairy
38 products in sealed containers for wholesale and retail distribution, feed
39 grinding, grain milling, frozen food processing, and grain handling,
40 cleaning, blending, fumigation, drying and aeration operations engaged in
41 by grain elevators or other grain storage facilities. (iii) Manufacturing or
42 processing businesses do not include, by way of illustration but not of
43 limitation, nonindustrial businesses whose operations are primarily retail

1 and that produce or process tangible personal property as an incidental part
2 of conducting the retail business, such as retailers who bake, cook or
3 prepare food products in the regular course of their retail trade, grocery
4 stores, meat lockers and meat markets that butcher or dress livestock or
5 poultry in the regular course of their retail trade, contractors who alter,
6 service, repair or improve real property, and retail businesses that clean,
7 service or refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

33 (F) to plan, manage, control or record the receipt and flow of
34 inventories of raw materials, consumables and component parts, the flow
35 of the property undergoing manufacturing or processing and the
36 management of inventories of the finished product;

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

40 (H) to package the property being manufactured or processed in a
41 container or wrapping in which such property is normally sold or
42 transported;

43 (I) to transmit or transport electricity, coke, gas, water, steam or

1 similar substances used in production operations from the point of
2 generation, if produced by the manufacturer or processor at the plant site,
3 to that manufacturer's production operation; or, if purchased or delivered
4 from off-site, from the point where the substance enters the site of the
5 plant or facility to that manufacturer's production operations;

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

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

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

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

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

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

43 (A) Machinery and equipment used for nonproduction purposes,

1 including, but not limited to, machinery and equipment used for plant
2 security, fire prevention, first aid, accounting, administration, record
3 keeping, advertising, marketing, sales or other related activities, plant
4 cleaning, plant communications, and employee work scheduling;

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

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

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

16 (E) furniture and other furnishings;

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

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

23 (H) machinery and equipment used for general plant heating, cooling
24 and lighting;

25 (I) motor vehicles that are registered for operation on public
26 highways; or

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

30 (6) Subsections (3) and (5) shall not be construed as exclusive listings
31 of the machinery and equipment that qualify or do not qualify as an
32 integral or essential part of an integrated production operation. When
33 machinery or equipment is used as an integral or essential part of
34 production operations part of the time and for nonproduction purposes at
35 other times, the primary use of the machinery or equipment shall
36 determine whether or not such machinery or equipment qualifies for
37 exemption.

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

40 (H) *(kk)* all sales of educational materials purchased for distribution to
41 the public at no charge by a nonprofit corporation organized for the
42 purpose of encouraging, fostering and conducting programs for the
43 improvement of public health, except that for taxable years commencing

1 after December 31, 2013, this subsection shall not apply to any sales of
2 such materials purchased by a nonprofit corporation which performs any
3 abortion, as defined in K.S.A. 65-6701, and amendments thereto;

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

8 ~~(nn)~~ (ll) except as otherwise provided in this act, all sales of services
9 rendered by an advertising agency or licensed broadcast station or any
10 member, agent or employee thereof;

11 ~~(oo)~~ (mm) all sales of tangible personal property purchased by a
12 community action group or agency for the exclusive purpose of repairing
13 or weatherizing housing occupied by low income individuals;

14 ~~(pp)~~ (nn) all sales of drill bits and explosives actually utilized in the
15 exploration and production of oil or gas;

16 ~~(qq)~~ (oo) all sales of tangible personal property and services
17 purchased by a nonprofit museum or historical society or any combination
18 thereof, including a nonprofit organization which is organized for the
19 purpose of stimulating public interest in the exploration of space by
20 providing educational information, exhibits and experiences, which is
21 exempt from federal income taxation pursuant to section 501(c)(3) of the
22 federal internal revenue code of 1986;

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

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

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

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

43 ~~(vv)~~ (ss) all sales of tangible personal property purchased by any of

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

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

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

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

15 (4) the American diabetes association Kansas affiliate, inc. for the
16 purpose of eliminating diabetes through medical research, public education
17 focusing on disease prevention and education, patient education including
18 information on coping with diabetes, and professional education and
19 training;

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

25 (6) the Kansas chapters of the Alzheimer's disease and related
26 disorders association, inc. for the purpose of providing assistance and
27 support to persons in Kansas with Alzheimer's disease, and their families
28 and caregivers;

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

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

35 (9) the heartstrings community foundation for the purpose of
36 providing training, employment and activities for adults with
37 developmental disabilities;

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

41 (11) the spina bifida association of Kansas for the purpose of
42 providing financial, educational and practical aid to families and
43 individuals with spina bifida. Such aid includes, but is not limited to,

1 funding for medical devices, counseling and medical educational
2 opportunities;

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

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

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

13 (15) the KSDS, Inc., for the purpose of promoting the independence
14 and inclusion of people with disabilities as fully participating and
15 contributing members of their communities and society through the
16 training and providing of guide and service dogs to people with
17 disabilities, and providing disability education and awareness to the
18 general public;

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

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

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

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

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

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

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

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

1 babies; and

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

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

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

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

9 ~~(yy)~~ (vv) all sales of tangible personal property and services
10 purchased by a parent-teacher association or organization, and all sales of
11 tangible personal property by or on behalf of such association or
12 organization;

13 ~~(zz)~~ (ww) all sales of machinery and equipment purchased by over-
14 the-air, free access radio or television station which is used directly and
15 primarily for the purpose of producing a broadcast signal or is such that
16 the failure of the machinery or equipment to operate would cause
17 broadcasting to cease. For purposes of this subsection, machinery and
18 equipment shall include, but not be limited to, that required by rules and
19 regulations of the federal communications commission, and all sales of
20 electricity which are essential or necessary for the purpose of producing a
21 broadcast signal or is such that the failure of the electricity would cause
22 broadcasting to cease;

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

1 organization concerned a sworn statement, on a form to be provided by the
2 director of taxation, that all purchases so made were entitled to exemption
3 under this subsection. All invoices shall be held by the contractor for a
4 period of five years and shall be subject to audit by the director of taxation.
5 If any materials purchased under such a certificate are found not to have
6 been incorporated in the building or other project or not to have been
7 returned for credit or the sales or compensating tax otherwise imposed
8 upon such materials which will not be so incorporated in the building or
9 other project reported and paid by such contractor to the director of
10 taxation not later than the 20th day of the month following the close of the
11 month in which it shall be determined that such materials will not be used
12 for the purpose for which such certificate was issued, such organization
13 concerned shall be liable for tax on all materials purchased for the project,
14 and upon payment thereof it may recover the same from the contractor
15 together with reasonable attorney fees. Any contractor or any agent,
16 employee or subcontractor thereof, who shall use or otherwise dispose of
17 any materials purchased under such a certificate for any purpose other than
18 that for which such a certificate is issued without the payment of the sales
19 or compensating tax otherwise imposed upon such materials, shall be
20 guilty of a misdemeanor and, upon conviction therefor, shall be subject to
21 the penalties provided for in ~~subsection (g) of K.S.A. 79-3615(h)~~, and
22 amendments thereto. Sales tax paid on and after July 1, 1998, but prior to
23 the effective date of this act upon the gross receipts received from any sale
24 exempted by the amendatory provisions of this subsection shall be
25 refunded. Each claim for a sales tax refund shall be verified and submitted
26 to the director of taxation upon forms furnished by the director and shall
27 be accompanied by any additional documentation required by the director.
28 The director shall review each claim and shall refund that amount of sales
29 tax paid as determined under the provisions of this subsection. All refunds
30 shall be paid from the sales tax refund fund upon warrants of the director
31 of accounts and reports pursuant to vouchers approved by the director or
32 the director's designee;

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

39 ~~(eee)~~ (zz) on and after July 1, 1999, all sales of tangible personal
40 property and services purchased by a primary care clinic or health center
41 the primary purpose of which is to provide services to medically
42 underserved individuals and families, and which is exempt from federal
43 income taxation pursuant to section 501(c)(3) of the federal internal

1 revenue code, and all sales of tangible personal property or services
2 purchased by a contractor for the purpose of constructing, equipping,
3 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
4 facilities for any such clinic or center which would be exempt from
5 taxation under the provisions of this section if purchased directly by such
6 clinic or center, except that for taxable years commencing after December
7 31, 2013, this subsection shall not apply to any sales of such tangible
8 personal property and services purchased by a primary care clinic or health
9 center which performs any abortion, as defined in K.S.A. 65-6701, and
10 amendments thereto. Nothing in this subsection shall be deemed to exempt
11 the purchase of any construction machinery, equipment or tools used in the
12 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
13 furnishing or remodeling facilities for any such clinic or center. When any
14 such clinic or center shall contract for the purpose of constructing,
15 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
16 remodeling facilities, it shall obtain from the state and furnish to the
17 contractor an exemption certificate for the project involved, and the
18 contractor may purchase materials for incorporation in such project. The
19 contractor shall furnish the number of such certificate to all suppliers from
20 whom such purchases are made, and such suppliers shall execute invoices
21 covering the same bearing the number of such certificate. Upon
22 completion of the project the contractor shall furnish to such clinic or
23 center concerned a sworn statement, on a form to be provided by the
24 director of taxation, that all purchases so made were entitled to exemption
25 under this subsection. All invoices shall be held by the contractor for a
26 period of five years and shall be subject to audit by the director of taxation.
27 If any materials purchased under such a certificate are found not to have
28 been incorporated in the building or other project or not to have been
29 returned for credit or the sales or compensating tax otherwise imposed
30 upon such materials which will not be so incorporated in the building or
31 other project reported and paid by such contractor to the director of
32 taxation not later than the 20th day of the month following the close of the
33 month in which it shall be determined that such materials will not be used
34 for the purpose for which such certificate was issued, such clinic or center
35 concerned shall be liable for tax on all materials purchased for the project,
36 and upon payment thereof it may recover the same from the contractor
37 together with reasonable attorney fees. Any contractor or any agent,
38 employee or subcontractor thereof, who shall use or otherwise dispose of
39 any materials purchased under such a certificate for any purpose other than
40 that for which such a certificate is issued without the payment of the sales
41 or compensating tax otherwise imposed upon such materials, shall be
42 guilty of a misdemeanor and, upon conviction therefor, shall be subject to
43 the penalties provided for in ~~subsection (g) of K.S.A. 79-3615(h)~~, and

1 amendments thereto;

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

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

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

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

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

42 ~~(iii)~~ (eee) all sales of personal property and services purchased by an
43 organization which is exempt from federal income taxation pursuant to

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

1 otherwise imposed upon such materials, shall be guilty of a misdemeanor
2 and, upon conviction therefor, shall be subject to the penalties provided for
3 in ~~subsection (g)~~ of K.S.A. 79-3615(h), and amendments thereto. Sales tax
4 paid on and after July 1, 2005, but prior to the effective date of this act
5 upon the gross receipts received from any sale exempted by the
6 amendatory provisions of this subsection shall be refunded. Each claim for
7 a sales tax refund shall be verified and submitted to the director of taxation
8 upon forms furnished by the director and shall be accompanied by any
9 additional documentation required by the director. The director shall
10 review each claim and shall refund that amount of sales tax paid as
11 determined under the provisions of this subsection. All refunds shall be
12 paid from the sales tax refund fund upon warrants of the director of
13 accounts and reports pursuant to vouchers approved by the director or the
14 director's designee;

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

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

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

1 behalf of such organization for such purpose;

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

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

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

18 ~~(qqq)~~ (mmm) all sales of tangible personal property and services
19 purchased by TLC for children and families, inc., hereinafter referred to as
20 TLC, which is exempt from federal income taxation pursuant to section
21 501(c)(3) of the federal internal revenue code of 1986, and which such
22 property and services are used for the purpose of providing emergency
23 shelter and treatment for abused and neglected children as well as meeting
24 additional critical needs for children, juveniles and family, and all sales of
25 any such property by or on behalf of TLC for any such purpose; and all
26 sales of tangible personal property or services purchased by a contractor
27 for the purpose of constructing, maintaining, repairing, enlarging,
28 furnishing or remodeling facilities for the operation of services for TLC
29 for any such purpose which would be exempt from taxation under the
30 provisions of this section if purchased directly by TLC. Nothing in this
31 subsection shall be deemed to exempt the purchase of any construction
32 machinery, equipment or tools used in the constructing, maintaining,
33 repairing, enlarging, furnishing or remodeling such facilities for TLC.
34 When TLC contracts for the purpose of constructing, maintaining,
35 repairing, enlarging, furnishing or remodeling such 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 TLC a sworn statement, on a form to be provided by the
43 director of taxation, that all purchases so made were entitled to exemption

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

21 ~~(fff)~~ (nnn) all sales of tangible personal property and services
22 purchased by any county law library maintained pursuant to law and sales
23 of tangible personal property and services purchased by an organization
24 which would have been exempt from taxation under the provisions of this
25 subsection if purchased directly by the county law library for the purpose
26 of providing legal resources to attorneys, judges, students and the general
27 public, and all sales of any such property by or on behalf of any such
28 county law library;

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

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

34 ~~(ttt)~~ (ppp) all sales of tangible personal property or services purchased
35 by a contractor for a project for the purpose of restoring, constructing,
36 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
37 remodeling a home or facility owned by a nonprofit museum which has
38 been granted an exemption pursuant to subsection (qq), which such home
39 or facility is located in a city which has been designated as a qualified
40 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
41 amendments thereto, and which such project is related to the purposes of
42 K.S.A. 75-5071 et seq., and amendments thereto, and which would be
43 exempt from taxation under the provisions of this section if purchased

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

37 ~~(uuu)~~ (qqq) all sales of tangible personal property and services
38 purchased by Kansas children's service league, hereinafter referred to as
39 KCSL, which is exempt from federal income taxation pursuant to section
40 501(c)(3) of the federal internal revenue code of 1986, and which such
41 property and services are used for the purpose of providing for the
42 prevention and treatment of child abuse and maltreatment as well as
43 meeting additional critical needs for children, juveniles and family, and all

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

40 ~~(vvv)~~ (rrr) all sales of tangible personal property or services,
41 including the renting and leasing of tangible personal property or services,
42 purchased by jazz in the woods, inc., a Kansas corporation which is
43 exempt from federal income taxation pursuant to section 501(c)(3) of the

1 federal internal revenue code, for the purpose of providing jazz in the
2 woods, an event benefiting children-in-need and other nonprofit charities
3 assisting such children, and all sales of any such property by or on behalf
4 of such organization for such purpose;

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

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

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

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

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

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

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

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

43 ~~(eee) (xxx) all sales of tangible personal property or services~~

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

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

16 ~~(eee)~~ (zzz) all sales of tangible personal property or services
17 purchased by or on behalf of All American beef battalion, inc., which is
18 exempt from federal income taxation pursuant to section 501(c)(3) of the
19 federal 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 ~~(fff)~~ (aaa) all sales of tangible personal property and services
24 purchased by sheltered living, inc., which is exempt from federal income
25 taxation pursuant to section 501(c)(3) of the federal internal revenue code
26 of 1986, 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 which 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 which will not be so incorporated
12 in 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 ~~subsection (g)~~ of K.S.A. 79-
25 3615(h), and amendments thereto;

26 ~~(ggg)~~ (bbbb) all sales of game birds for which the primary purpose
27 is use in hunting; and

28 ~~(hhh)~~ (cccc) all sales of tangible personal property or services
29 purchased on or after July 1, 2014, for the purpose of and in conjunction
30 with constructing, reconstructing, enlarging or remodeling a business
31 identified under the North American industry classification system
32 (NAICS) subsectors 1123, 1124, 112112, 112120 or 112210, and the sale
33 and installation of machinery and equipment purchased for installation at
34 any such business. The exemption provided in this subsection shall not
35 apply to projects that have actual total costs less than \$50,000. When a
36 person contracts for the construction, reconstruction, enlargement or
37 remodeling of any such business, such person shall obtain from the state
38 and furnish to the contractor an exemption certificate for the project
39 involved, and the contractor may purchase materials, machinery and
40 equipment for incorporation in such project. The contractor shall furnish
41 the number of such certificates to all suppliers from whom such purchases
42 are made, and such suppliers shall execute invoices covering the same
43 bearing the number of such certificate. Upon completion of the project, the

1 contractor shall furnish to the owner of the business a sworn statement, on
2 a form to be provided by the director of taxation, that all purchases so
3 made were entitled to exemption under this subsection. All invoices shall
4 be held by the contractor for a period of five years and shall be subject to
5 audit by the 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 ~~subsection (g)~~ of K.S.A. 79-
12 3615(h), and 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 which 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 which 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 subsection (h) of K.S.A. 79-3615, and amendments
 8 thereto;

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

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

21 Sec. 6. K.S.A. 2014 Supp. 79-3693 is hereby amended to read as
 22 follows: 79-3693. (a) As used in K.S.A. 79-3601 et seq., and amendments
 23 thereto, "refund claim" means an application for the refund of sales tax,
 24 penalty or interest submitted in writing on a form prescribed by the
 25 department that has been completed and is accompanied by all information
 26 and documentation needed to verify and process the claim. A refund
 27 application that is incomplete or is not documented as required by this
 28 section shall not be considered to be a refund claim. The term "refund
 29 claim" may include a claim for payment, a credit or an entitlement to a
 30 deduction. The refund claim may be required by the department to be filed
 31 electronically. Each agent or representative filing a refund application on
 32 behalf of another shall submit a power of attorney that authorizes the agent
 33 or representative to act on behalf of the applicant.

34 (b) (1) Any person who is registered with the department as a retailer
 35 and who reported and remitted sales tax to the department that was not
 36 owed, was remitted in error or was an overpayment may apply for a refund
 37 of such taxes remitted by such retailer to the department.

38 (2) Each registered retailer shall have a continuing duty to correct any
 39 errors in sales tax returns filed with the department and to enable
 40 purchasers to obtain refunds of taxes that were overpaid or paid in error.

41 (3) Each refund application filed by an entity that files sales tax
 42 returns shall be treated as an application to adjust or amend the return. The
 43 amended tax return shall be subject to verification by examination of the

1 taxpayer's records.

2 (4) Each application for a refund claim shall contain all the
3 information required in this section and shall be accompanied by all
4 additional documentation prescribed in this section that is needed to
5 determine the validity of the application and to verify and process the
6 application. Each such refund application that contains insufficient
7 information or documentation to verify and process the application shall
8 be returned to the applicant with directions to file a new and complete
9 application. If an application for a refund claim has been returned by the
10 department as incomplete, no application for refund claim shall be
11 considered to have been filed until a new application is submitted that
12 contains sufficient information and is supported by sufficient
13 documentation to verify and process the application as a refund claim.

14 (5) The application for a refund claim shall include the following
15 information:

16 (A) If applicable, an amended return for each period for which a
17 refund is sought, which shall contain the retailer's current name, mailing
18 address, employee identification number and Kansas sales tax registration
19 number;

20 (B) the name and telephone number of the person whom the
21 department should contact if additional information is needed;

22 (C) an explanation of the reason why a refund is due. If applicable,
23 the explanation shall include a detailed and factual description of how the
24 items sold were used by the consumer;

25 (D) if tax has been refunded to the consumer, the amount, the name of
26 the refund recipient, and an explanation of how the refund was made,
27 whether by cash, check, credit or other means;

28 (E) a schedule listing each invoice in chronological order that
29 includes the name and address of the purchaser, a description of the items
30 sold, the date of purchase, the invoice number, the amount subject to tax,
31 the amount of tax collected, the reporting period for the tax, the location of
32 the sale and a detailed statement of usage of the item purchased. If the
33 applicant or such applicant's agent maintains records or prepares the
34 schedule in an electronic, machine-sensible format, all schedules
35 submitted to support the refund application shall be provided in an
36 electronic, machine-sensible format in addition to the paper document;

37 (F) the signature of the payee and the signature of the retailer; and

38 (G) any additional information required by the application form that
39 is needed to verify and process the refund application.

40 (6) The refund claim shall include the following documentation:

41 (A) If applicable, a properly completed exemption certificate from the
42 consumer;

43 (B) if the retailer has refunded taxes to the consumer, a canceled

1 check or irrevocable credit memo issued by the retailer showing that the
2 retailer has credited or refunded the tax previously collected from the
3 consumer, a written agreement that the refund shall be jointly issued to the
4 retailer and the consumer or other proof of repayment; and

5 (C) all invoices pertaining to the schedule required to be submitted
6 under subsection (b)(5)(E) and any other documentation needed to verify
7 and process the refund application being made in the schedule, which may
8 include credit memos, contracts, job cost records, tax accrual worksheets
9 with refund items identified, charts of account and any other
10 documentation, including employment data for claims related to the
11 provisions of ~~subsection (cc)~~ of K.S.A. 79-3606(bb), and amendments
12 thereto.

13 (c) A consumer may apply directly to the department for a refund if
14 the consumer meets the requirements of ~~subsection (a)~~ of K.S.A. 79-
15 3650(a), and amendments thereto, and submits an application and
16 supporting documentation as required in this section. In order to be
17 considered complete for processing and verification purposes, each
18 consumer-filed refund claim shall include the following information:

19 (1) The consumer's name, current mailing address and telephone
20 number; the retailer's name, last known mailing address and telephone
21 number;

22 (2) the information referenced in subsection (b)(5)(B), (C), (E) and
23 (G);

24 (3) a description of the items purchased, the date of purchase, the
25 location of the purchase, the invoice number, the amount subject to tax and
26 the amount of tax paid; and

27 (4) the signature of the applicant.

28 (d) The documentation provided with each consumer-filed refund
29 claim shall include a copy of each of the following:

30 (1) The information referenced in subsection (b)(6)(A) and (C); and

31 (2) a written statement signed by the consumer stating that the
32 consumer has not and will not seek a duplicate refund from the retailer.

33 (e) No refund or credit shall be allowed by the director without
34 sufficient proof submitted by the applicant for a refund claim that the tax
35 sought to be refunded was paid to the department.

36 (f) The provisions of this section shall be part of and supplemental to
37 the Kansas retailers' sales tax act.

38 Sec. 7. K.S.A. 2014 Supp. 74-50,115, 75-5133, 79-2982, 79-3603,
39 79-3606 and 79-3693 are hereby repealed.

40 Sec. 8. This act shall take effect and be in force from and after its
41 publication in the statute book.