

SENATE BILL No. 442

By Senators Hensley, Faust-Goudeau, Francisco, Haley, Hawk, Holland, Kelly and
Pettesy

2-10

1 AN ACT concerning sales taxation; relating to exemptions; providing for a
2 sales tax holiday for sales of food and food ingredients during certain
3 times of the year, during holiday seasons; amending K.S.A. 2015 Supp.
4 79-3606 and repealing the existing section.
5

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

7 Section 1. K.S.A. 2015 Supp. 79-3606 is hereby amended to read as
8 follows: 79-3606. The following shall be exempt from the tax imposed by
9 this act:

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

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

1 property or service are used or proposed to be used in such business;

2 (c) all sales of tangible personal property or services, including the
3 renting and leasing of tangible personal property, purchased directly by a
4 public or private elementary or secondary school or public or private
5 nonprofit educational institution and used primarily by such school or
6 institution for nonsectarian programs and activities provided or sponsored
7 by such school or institution or in the erection, repair or enlargement of
8 buildings to be used for such purposes. The exemption herein provided
9 shall not apply to erection, construction, repair, enlargement or equipment
10 of buildings used primarily for human habitation;

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

1 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
2 shall obtain from the state and furnish to the contractor an exemption
3 certificate for the project involved, and the contractor may purchase
4 materials for incorporation in such project. The contractor shall furnish the
5 number of such certificate to all suppliers from whom such purchases are
6 made, and such suppliers shall execute invoices covering the same bearing
7 the number of such certificate. Upon completion of the project the
8 contractor shall furnish to the political subdivision, district described in
9 subsection (s), hospital or public hospital authority, school, educational
10 institution or department of corrections concerned a sworn statement, on a
11 form to be provided by the director of taxation, that all purchases so made
12 were entitled to exemption under this subsection. As an alternative to the
13 foregoing procedure, any such contracting entity may apply to the
14 secretary of revenue for agent status for the sole purpose of issuing and
15 furnishing project exemption certificates to contractors pursuant to rules
16 and regulations adopted by the secretary establishing conditions and
17 standards for the granting and maintaining of such status. All invoices
18 shall be held by the contractor for a period of five years and shall be
19 subject to audit by the director of taxation. If any materials purchased
20 under such a certificate are found not to have been incorporated in the
21 building or other project or not to have been returned for credit or the sales
22 or compensating tax otherwise imposed upon such materials which will
23 not be so incorporated in the building or other project reported and paid by
24 such contractor to the director of taxation not later than the 20th day of the
25 month following the close of the month in which it shall be determined
26 that such materials will not be used for the purpose for which such
27 certificate was issued, the political subdivision, district described in
28 subsection (s), hospital or public hospital authority, school, educational
29 institution or the contractor contracting with the department of corrections
30 for a correctional institution concerned shall be liable for tax on all
31 materials purchased for the project, and upon payment thereof it may
32 recover the same from the contractor together with reasonable attorney
33 fees. Any contractor or any agent, employee or subcontractor thereof, who
34 shall use or otherwise dispose of any materials purchased under such a
35 certificate for any purpose other than that for which such a certificate is
36 issued without the payment of the sales or compensating tax otherwise
37 imposed upon such materials, shall be guilty of a misdemeanor and, upon
38 conviction therefor, shall be subject to the penalties provided for in K.S.A.
39 79-3615(h), and amendments thereto;

40 (e) all sales of tangible personal property or services purchased by a
41 contractor for the erection, repair or enlargement of buildings or other
42 projects for the government of the United States, its agencies or
43 instrumentalities, which would be exempt from taxation if purchased

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

28 (f) tangible personal property purchased by a railroad or public utility
29 for consumption or movement directly and immediately in interstate
30 commerce;

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

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

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

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

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

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

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

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

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

41 (p) all sales of drugs dispensed pursuant to a prescription order by a
42 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
43 1626, and amendments thereto. As used in this subsection, "drug" means a

1 compound, substance or preparation and any component of a compound,
2 substance or preparation, other than food and food ingredients, dietary
3 supplements or alcoholic beverages, recognized in the official United
4 States pharmacopoeia, official homeopathic pharmacopoeia of the United
5 States or official national formulary, and supplement to any of them,
6 intended for use in the diagnosis, cure, mitigation, treatment or prevention
7 of disease or intended to affect the structure or any function of the body,
8 except that for taxable years commencing after December 31, 2013, this
9 subsection shall not apply to any sales of drugs used in the performance or
10 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
11 thereto;

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

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

35 (s) except as provided in K.S.A. 2015 Supp. 82a-2101, and
36 amendments thereto, all sales of tangible personal property or services
37 purchased directly or indirectly by a groundwater management district
38 organized or operating under the authority of K.S.A. 82a-1020 et seq., and
39 amendments thereto, by a rural water district organized or operating under
40 the authority of K.S.A. 82a-612, and amendments thereto, or by a water
41 supply district organized or operating under the authority of K.S.A. 19-
42 3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which
43 property or services are used in the construction activities, operation or

1 maintenance of the district;

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

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

31 (v) all sales of tangible personal property to any contractor for use in
32 preparing meals for delivery to homebound elderly persons over 60 years
33 of age and to homebound disabled persons or to be served at a group-
34 sitting at a location outside of the home to otherwise homebound elderly
35 persons over 60 years of age and to otherwise homebound disabled
36 persons, as all or part of any food service project funded in whole or in
37 part by government or as part of a private nonprofit food service project
38 available to all such elderly or disabled persons residing within an area of
39 service designated by the private nonprofit organization, and all sales of
40 tangible personal property for use in preparing meals for consumption by
41 indigent or homeless individuals whether or not such meals are consumed
42 at a place designated for such purpose, and all sales of food products by or
43 on behalf of any such contractor or organization for any such purpose;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (C) all sales of repair and replacement parts and accessories

1 purchased for such machinery and equipment.

2 (2) For purposes of this subsection:

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

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

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

27 (D) "manufacturing or processing business" means a business that
28 utilizes an integrated production operation to manufacture, process,
29 fabricate, finish, or assemble items for wholesale and retail distribution as
30 part of what is commonly regarded by the general public as an industrial
31 manufacturing or processing operation or an agricultural commodity
32 processing operation. (i) Industrial manufacturing or processing operations
33 include, by way of illustration but not of limitation, the fabrication of
34 automobiles, airplanes, machinery or transportation equipment, the
35 fabrication of metal, plastic, wood, or paper products, electricity power
36 generation, water treatment, petroleum refining, chemical production,
37 wholesale bottling, newspaper printing, ready mixed concrete production,
38 and the remanufacturing of used parts for wholesale or retail sale. Such
39 processing operations shall include operations at an oil well, gas well,
40 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
41 sand or gravel that has been extracted from the earth is cleaned, separated,
42 crushed, ground, milled, screened, washed, or otherwise treated or
43 prepared before its transmission to a refinery or before any other wholesale

1 or retail distribution. (ii) Agricultural commodity processing operations
2 include, by way of illustration but not of limitation, meat packing, poultry
3 slaughtering and dressing, processing and packaging farm and dairy
4 products in sealed containers for wholesale and retail distribution, feed
5 grinding, grain milling, frozen food processing, and grain handling,
6 cleaning, blending, fumigation, drying and aeration operations engaged in
7 by grain elevators or other grain storage facilities. (iii) Manufacturing or
8 processing businesses do not include, by way of illustration but not of
9 limitation, nonindustrial businesses whose operations are primarily retail
10 and that produce or process tangible personal property as an incidental part
11 of conducting the retail business, such as retailers who bake, cook or
12 prepare food products in the regular course of their retail trade, grocery
13 stores, meat lockers and meat markets that butcher or dress livestock or
14 poultry in the regular course of their retail trade, contractors who alter,
15 service, repair or improve real property, and retail businesses that clean,
16 service or refurbish and repair tangible personal property for its owner;

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

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

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

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

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

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

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

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

42 (F) to plan, manage, control or record the receipt and flow of
43 inventories of raw materials, consumables and component parts, the flow

1 of the property undergoing manufacturing or processing and the
2 management of inventories of the finished product;

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

6 (H) to package the property being manufactured or processed in a
7 container or wrapping in which such property is normally sold or
8 transported;

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

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

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

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

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

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

1 business' laboratory equipment that is not located at the plant or facility,
2 but that would otherwise qualify for exemption under subsection (3)(E);
3 (F) all machinery and equipment used in surface mining activities as
4 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
5 from the time a reclamation plan is filed to the acceptance of the
6 completed final site reclamation.

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

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

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

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

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

25 (E) furniture and other furnishings;

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

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

32 (H) machinery and equipment used for general plant heating, cooling
33 and lighting;

34 (I) motor vehicles that are registered for operation on public
35 highways; or

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

39 (6) Subsections (3) and (5) shall not be construed as exclusive listings
40 of the machinery and equipment that qualify or do not qualify as an
41 integral or essential part of an integrated production operation. When
42 machinery or equipment is used as an integral or essential part of
43 production operations part of the time and for nonproduction purposes at

1 other times, the primary use of the machinery or equipment shall
2 determine whether or not such machinery or equipment qualifies for
3 exemption.

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

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

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

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

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

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

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

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

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

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

1 or on behalf of a not-for-profit corporation which is exempt from federal
2 income taxation pursuant to section 501(c)(3) of the federal internal
3 revenue code of 1986, for the sole purpose of constructing a Kansas
4 Korean War memorial;

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

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

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

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

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

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

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

33 (6) the Kansas chapters of the Alzheimer's disease and related
34 disorders association, inc. for the purpose of providing assistance and
35 support to persons in Kansas with Alzheimer's disease, and their families
36 and caregivers;

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

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

43 (9) the heartstrings community foundation for the purpose of

- 1 providing training, employment and activities for adults with
2 developmental disabilities;
- 3 (10) the cystic fibrosis foundation, heart of America chapter, for the
4 purposes of assuring the development of the means to cure and control
5 cystic fibrosis and improving the quality of life for those with the disease;
- 6 (11) the spina bifida association of Kansas for the purpose of
7 providing financial, educational and practical aid to families and
8 individuals with spina bifida. Such aid includes, but is not limited to,
9 funding for medical devices, counseling and medical educational
10 opportunities;
- 11 (12) the CHWC, Inc., for the purpose of rebuilding urban core
12 neighborhoods through the construction of new homes, acquiring and
13 renovating existing homes and other related activities, and promoting
14 economic development in such neighborhoods;
- 15 (13) the cross-lines cooperative council for the purpose of providing
16 social services to low income individuals and families;
- 17 (14) the dreams work, inc., for the purpose of providing young adult
18 day services to individuals with developmental disabilities and assisting
19 families in avoiding institutional or nursing home care for a
20 developmentally disabled member of their family;
- 21 (15) the KSDS, Inc., for the purpose of promoting the independence
22 and inclusion of people with disabilities as fully participating and
23 contributing members of their communities and society through the
24 training and providing of guide and service dogs to people with
25 disabilities, and providing disability education and awareness to the
26 general public;
- 27 (16) the lyme association of greater Kansas City, Inc., for the purpose
28 of providing support to persons with lyme disease and public education
29 relating to the prevention, treatment and cure of lyme disease;
- 30 (17) the dream factory, inc., for the purpose of granting the dreams of
31 children with critical and chronic illnesses;
- 32 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
33 students and families with education and resources necessary to enable
34 each child to develop fine character and musical ability to the fullest
35 potential;
- 36 (19) the international association of lions clubs for the purpose of
37 creating and fostering a spirit of understanding among all people for
38 humanitarian needs by providing voluntary services through community
39 involvement and international cooperation;
- 40 (20) the Johnson county young matrons, inc., for the purpose of
41 promoting a positive future for members of the community through
42 volunteerism, financial support and education through the efforts of an all
43 volunteer organization;

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

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

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

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

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

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

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

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

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

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

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

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

1 thereof;

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

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

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

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

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

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

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

1 by or on behalf of all domestic violence shelters that are member agencies
2 of the Kansas coalition against sexual and domestic violence;

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

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

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

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

42 (mmm) all sales of tangible personal property purchased by or on
43 behalf of the Marillac center, inc., which is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal internal revenue code,
2 for the purpose of providing psycho-social-biological and special
3 education services to children, and all sales of any such property by or on
4 behalf of such organization for such purpose;

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

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

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

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

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

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

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

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

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

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

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

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

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

1 benefiting children-in-need and other nonprofit charities assisting such
2 children, and all sales of any such property by or on behalf of such
3 organization for such purpose;

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

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

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

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

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

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

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

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

41 (cccc) all sales of tangible personal property or services purchased by
42 or on behalf of wayside waifs, inc., which is exempt from federal income
43 taxation pursuant to section 501(c)(3) of the federal internal revenue code,

1 for the purpose of providing such organization's annual fundraiser, an
2 event whose purpose is to support the care of homeless and abandoned
3 animals, animal adoption efforts, education programs for children and
4 efforts to reduce animal over-population and animal welfare services, and
5 all sales of any such property, including entry or participation fees or
6 charges, by or on behalf of such organization for such purpose;

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

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

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

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

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

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

1 the contractor for a period of five years and shall be subject to audit by the
2 director of taxation. Any contractor or any agent, employee or
3 subcontractor of the contractor, who shall use or otherwise dispose of any
4 materials, machinery or equipment purchased under such a certificate for
5 any purpose other than that for which such a certificate is issued without
6 the payment of the sales or compensating tax otherwise imposed thereon,
7 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
8 subject to the penalties provided for in K.S.A. 79-3615(h), and
9 amendments thereto;

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

1 for which such a certificate is issued without the payment of the sales or
2 compensating tax otherwise imposed upon such materials, shall be guilty
3 of a misdemeanor and, upon conviction, shall be subject to the penalties
4 provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

17 *(llll) all sales of food and food ingredients, as defined in K.S.A. 79-*
18 *3602, and amendments thereto, sold during the periods beginning at 12:01*
19 *a.m. on the second Thursday of November and ending at 12 midnight on*
20 *the Sunday following, and beginning at 12:01 am on the third Thursday of*
21 *December and ending at 12 midnight on the Sunday following.*

22 Sec. 2. K.S.A. 2015 Supp. 79-3606 is hereby repealed.

23 Sec. 3. This act shall take effect and be in force from and after its
24 publication in the statute book.