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

Section 1. K.S.A. 2016 Supp. 74-50,115 is hereby amended to read as follows: 74-50,115. (a) A manufacturing business may be eligible for a sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the manufacturing business complies with the following requirements:

(1) The business is located in a county that has been designated a rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-50,222, and amendments thereto, and that has been approved by the secretary as a nonmetropolitan region pursuant to K.S.A. 74-50,116, and amendments thereto;

(2) a manufacturing business shall provide documented evidence of job expansion involving the employment of at least two additional full-time employees; and

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

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

(1) The business is located in a county that has been designated a rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-50,222, and amendments thereto, and that has been approved by the secretary as a nonmetropolitan region pursuant to K.S.A. 74-50,116, and amendments thereto;
(2) A nonmanufacturing business shall provide documented evidence of job expansion involving the employment of at least five additional full-time employees; and
(3) A nonmanufacturing business located within the state of Kansas that has documented evidence of job expansion as provided in paragraph (1), which relocates in another city or county within the state of Kansas, as required by paragraph (1), must receive approval from the secretary prior to qualifying for the sales tax exemption in subsection (cc) of K.S.A. 79-3606, and amendments thereto, except that approval by the secretary shall not be required if the nonmanufacturing business relocates within the same city.

(c) A retail business may qualify for the sales tax exemption under subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the retail business complies with the following requirements:
(1) The business is located in a county that has been designated a rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-50,222, and amendments thereto, and that has been approved by the secretary as a nonmetropolitan region pursuant to K.S.A. 74-50,116, and amendments thereto;
(2) A retail business shall provide documented evidence of job expansion involving the employment of at least two additional full-time employees; and
(A) such retail business locates or expands to a city having a population of 2,500 or less, as determined by the latest Kansas division of budget revised population numbers that are certified to the secretary of state; or (B) such retail business locates or expands to a location outside a city in a county having a population of 10,000 or less, as determined by the latest Kansas division of budget revised population numbers that are certified to the secretary of state; and (C) such location meets the requirements of paragraph (1).
(d) Any person constructing, reconstructing, remodeling or enlarging a facility which will be leased in whole or in part for a period of five years or more, or commencing on the effective date of this act and ending on April 1, 2007, any person constructing, reconstructing, remodeling or enlarging a facility located within Saline county which title of such facility will be conveyed, to a business that would be eligible for a sales tax exemption hereunder if such business had constructed, reconstructed, enlarged or remodeled such facility or portion thereof itself shall be entitled to the sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto. When such person leases less than the total facility to an eligible business, a project exemption certificate may be granted on: (1) The total cost of constructing, reconstructing, remodeling or enlarging, the facility multiplied by a
fraction given by dividing the number of leased square feet eligible for the
sales tax exemption by the total square feet being constructed,
reconstructed, remodeled or enlarged; or (2) the actual cost of
constructing, reconstructing, remodeling or enlarging that portion of the
facility to be occupied by the eligible business, as the person may elect.

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

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

Sec. 2. K.S.A. 74-50,116 is hereby amended to read as follows: 74-50,116. (a) The secretary shall establish a nonmetropolitan regional
business program. The secretary shall establish criteria for the
establishment of nonmetropolitan regions under such program and, in
addition to other criteria established by the secretary, such criteria shall
include the following:

(1) A nonmetropolitan region, at a minimum, shall be comprised of a
county or counties that have been designated a rural opportunity zone
pursuant to K.S.A. 2016 Supp. 74-50,222, and amendments thereto;

(2) any city with a population of 2,000, or more, within a such county
proposing to establish a nonmetropolitan region must consent to
participation in such nonmetropolitan region by entering into a written
agreement with such county; and

(3) no city or cities of a the county nor any portion of a the county
may be a part of a nonmetropolitan region if the whole county does not
agree to the inclusion of such county in the region and the question of
whether the county shall participate in the nonmetropolitan regional
business program has been approved by a vote by the board of county
commissioners. Participation in the nonmetropolitan regional business
program and the enterprise zone act shall be in lieu of participation in the
rural opportunity zone program, K.S.A. 2016 Supp. 74-50,222 et seq., and
amendments thereto.

(b) Upon approval by the board of county commissioners, the
governing body of a city and the board of county commissioners of any
the county making application to the secretary for the designation of a
nonmetropolitan region under this section shall submit, in addition to the
application, a resolution requesting such area be approved as a
nonmetropolitan region.

(c) To qualify for the establishment of a nonmetropolitan region
under this section, a county or counties shall:

(1) File with the secretary a statement that a regional economic
development organization has been established which has a membership
located throughout the region served by the organization with
representation of the manufacturing businesses, nonmanufacturing
businesses and retail businesses participating under the program;

(2) adopt a regional strategic plan and have such plan filed with and
reviewed by the secretary; and

(3) demonstrate a commitment to offering incentives which are
regional in nature or which exact local support, such as public
transportation, technical assistance, revitalization funding, infrastructure
improvement funding and property tax abatements.

The election of a county to participate in the enterprise zone act
pursuant to this section shall be binding for a period of five years.

Sec. 3. K.S.A. 74-50,118 is hereby amended to read as follows: 74-
50,118. (a) Each designated nonmetropolitan region approved by the
secretary shall submit an annual report to the secretary, in such form as the
secretary may require, on or before February 15 of each year. Each report
shall include:

(1) A list of local incentives for economic development available in
such region during the prior year;

(2) the usage of the local incentives which the governing body
committed to provide in such region; and

(3) such other information as required by the secretary.

(b) The secretary shall submit an annual report, pursuant to K.S.A.
74-5049, and amendments thereto, each year detailing the information
provided pursuant to subsection (a).

(c) The secretary of revenue shall submit an annual report to the
governor and the legislature by April 1 of each year detailing by county the
state fiscal note on the income tax credits claimed and used, including the
amount of carry-forward credits, and sales tax exemptions allowed
pursuant to this act.

(d) In addition to the report pursuant to subsection (b), the secretary
shall submit annually, on or before February 1 of each year, a report to
the house committee on appropriations and senate committee on ways and
means on the effectiveness of the enterprise zone act and the rural
opportunity zone program, K.S.A. 2016 Supp. 74-50,222 et seq., and
amendments thereto.

Sec. 4. K.S.A. 2016 Supp. 74-50,223 is hereby amended to read as
follows: 74-50,223. (a) Any county that has been designated a rural
opportunity zone pursuant to K.S.A. 74-50,222, and amendments thereto, may participate in the program provided in this section by authorizing such participation by the county commission of such county through a duly enacted written resolution. Such county shall provide a certified copy of such resolution to the secretary of commerce on or before January 1, 2012, for calendar year 2012, or on or before January 1 for each calendar year thereafter, in which a county chooses to participate. Such resolution shall obligate the county to participate in the program provided by this section for a period of five years, and shall be irrevocable, except, if a county elects to participate in the enterprise zone act in accordance with the provisions of K.S.A. 74-50,116, and amendments thereto, in lieu of the program provided in this section. Such resolution shall specify the maximum amount of outstanding student loan balance for each resident individual to be repaid as provided in subsection (b), except the maximum amount of such balance shall be $15,000.

(b) If a county submits a resolution as provided in subsection (a), under the program provided in this section, subject to subsection (d), the state of Kansas and such county which chooses to participate as provided in subsection (a), shall agree to pay in equal shares the outstanding student loan balance of any resident individual who qualifies to have such individual's student loans repaid under the provisions of subsection (c) over a five-year period, except that the maximum amount of such balance shall be $15,000. The amount of such repayment shall be equal to 20% of the outstanding student loan balance of the individual in a year over the five-year repayment period. The state of Kansas is not obligated to pay the student loan balance of any resident individual who qualifies pursuant to subsection (c) prior to the county submitting a resolution to the secretary pursuant to subsection (a). Each such county shall certify to the secretary that such county has made the payment required by this subsection.

(c) A resident individual shall be entitled to have such individual's outstanding student loan balance paid for attendance at an institution of higher education where such resident individual earned an associate, bachelor or post-graduate degree under the provisions of this section when such resident individual establishes domicile in a county designated as a rural opportunity zone which participates in the program as provided in subsection (a), on and after the date in which such county commenced such participation, and prior to July 1, 2021. Such resident individual may enroll in this program in a form and manner prescribed by the secretary. Subject to subsection (d), once enrolled such resident individual shall be entitled to full participation in the program for five years, except that if the resident individual relocates outside the rural opportunity zone for which the resident individual first qualified, such resident individual forfeits such individual's eligibility to participate, and obligations under this section of
the state and the county terminate. No resident individual shall enroll and
be eligible to participate in this program after June 30, 2021.

(d) The provisions of this act shall be subject to appropriation acts.
Nothing in this act guarantees a resident individual a right to the benefits
provided in this section. The county may continue to participate even if the
state does not participate. The state and a county which elects to
participate in the enterprise zone act in accordance with the provisions of
K.S.A. 74-50,116, and amendments thereto, in lieu of the program
provided in this section, shall continue to pay the outstanding student loan
balance of any resident individuals of that county who qualified to have
such individual's student loans repaid prior to the date of the secretary's
approval of the county's application to the secretary pursuant to K.S.A.
74-50,116, and amendments thereto.

(e) The secretary shall adopt rules and regulations necessary to
administer the provisions of this section.

(f) On January 1, 2012, and annually thereafter until January 1, 2022,
the secretary of commerce shall report to the senate committee on
assessment and taxation and the house of representatives committee on
taxation as to how many residents applied for the rural opportunity zone
tax credit.

Sec. 5. K.S.A. 2016 Supp. 79-32,160a is hereby amended to read as
follows: 79-32,160a. (a) For taxable years commencing after December
31, 1999, and before January 1, 2012, any taxpayer who shall invest in a
qualified business facility, as defined in subsection (b) of K.S.A. 79-
32,154(b), and amendments thereto, and effective for tax years
commencing after December 31, 2010, and before January 1, 2012,
located in an area other than a metropolitan county as defined in either
K.S.A. 2016 Supp. 74-50,114 or 74-50,211, and amendments thereto, and
for taxable years commencing after December 31, 2017, any taxpayer who
shall invest in a qualified business facility, as defined in K.S.A. 79-
32,154(b), and amendments thereto, located in a county that has been
designated a rural opportunity zone pursuant to K.S.A. 2016 Supp. 74-
50,222, and amendments thereto, and that has been approved by the
secretary as a nonmetropolitan region pursuant to K.S.A. 74-50,116, and
amendments thereto, and the taxpayer also meets the definition of a
business in subsection (b) of K.S.A. 74-50,114(b), and amendments
thereto, shall be allowed a credit for such investment, in an amount
determined under subsection (b) or (c), as the case requires, against the tax
imposed by the Kansas income tax act or where the qualified business
facility is the principal place from which the trade or business of the
taxpayer is directed or managed and the facility has facilitated the creation
of at least 20 new full-time positions, against the premium tax or privilege
fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or as
measured by the net income of financial institutions imposed pursuant to
article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments
thereto, for the taxable year during which commencement of commercial
operations, as defined in subsection (f) of K.S.A. 79-32,154(f), and
amendments thereto, occurs at such qualified business facility. In the case
of a taxpayer who meets the definition of a manufacturing business in
subsection (d) of K.S.A. 74-50,114(d), and amendments thereto, no credit
shall be allowed under this section unless the number of qualified business
facility employees, as determined under subsection (d) of K.S.A. 79-
32,154(d), and amendments thereto, engaged or maintained in employment
at the qualified business facility as a direct result of the investment by the
taxpayer for the taxable year for which the credit is claimed equals or
exceeds two. In the case of a taxpayer who meets the definition of a
nonmanufacturing business in subsection (f) of K.S.A. 74-50,114(f), and
amendments thereto, no credit shall be allowed under this section unless
the number of qualified business facility employees, as determined under
subsection (d) of K.S.A. 79-32,154(d), and amendments thereto, engaged
or maintained in employment at the qualified business facility as a direct
result of the investment by the taxpayer for the taxable year for which the
credit is claimed equals or exceeds five. Where an employee performs
services for the taxpayer outside the qualified business facility, the
employee shall be considered engaged or maintained in employment at the
qualified business facility if: (1) The employee's service performed outside
the qualified business facility is incidental to the employee's service inside
the qualified business facility; or (2) the base of operations or, the place
from which the service is directed or controlled, is at the qualified business
facility.

(b) The credit allowed by subsection (a) for any taxpayer who invests
in a qualified business facility which is located in a designated
nonmetropolitan region established under K.S.A. 74-50,116, and
amendments thereto, on or after the effective date of this act, and effective
for taxable years commencing after December 31, 2017, located in a
county that has been designated a rural opportunity zone pursuant to
K.S.A. 2016 Supp. 74-50,222, and amendments thereto, and that has been
approved by the secretary as a nonmetropolitan region pursuant to K.S.A.
74-50,116, and amendments thereto, shall be a portion of the income tax
imposed by the Kansas income tax act on the taxpayer's Kansas taxable
income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-
252, and amendments thereto, or the privilege tax as measured by the net
income of financial institutions imposed pursuant to article 11 of chapter
79 of the Kansas Statutes Annotated, and amendments thereto, for the
taxable year for which such credit is allowed, but in the case where the
qualified business facility investment was made prior to January 1, 1996,
not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) Two thousand five hundred dollars for each qualified business facility employee determined under K.S.A. 79-32,154, and amendments thereto; plus

(2) one thousand dollars for each $100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment, as determined under K.S.A. 79-32,154, and amendments thereto.

(c) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility, which is not located in a nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, and effective for tax years commencing after December 31, 2010, and before January 1, 2012, located in an area other than a metropolitan county as defined in either K.S.A. 2016 Supp. 74-50,114 or 74-50,211, and amendments thereto, and which also meets the definition of business in subsection (b) of K.S.A. 74-50,114(b), and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) One thousand five hundred dollars for each qualified business facility employee as determined under K.S.A. 79-32,154, and amendments thereto; and

(2) one thousand dollars for each $100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment as determined under K.S.A. 79-32,154, and amendments thereto.

(d) The credit allowed by subsection (a) for each qualified business facility employee and for qualified business facility investment shall be a one-time credit. If the amount of the credit allowed under subsection (a) exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax and privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, for the taxable year, or in the case where the qualified business
facility investment was made prior to January 1, 1996, 50% of such tax
imposed upon the amount which exceeds such tax liability or such portion
thereof may be carried over for credit in the same manner in the
succeeding taxable years until the total amount of such credit is used.
Except that, before the credit is allowed, a taxpayer, who meets the
definition of a manufacturing business in subsection (d) of K.S.A. 74-
50,114(d), and amendments thereto, shall recertify annually that the net
increase of a minimum of two qualified business facility employees has
continued to be maintained and a taxpayer, who meets the definition of a
nonmanufacturing business in subsection (f) of K.S.A. 74-50,114(f), and
amendments thereto, shall recertify annually that the net increase of a
minimum of five qualified business employees has continued to be
maintained.

(e) Notwithstanding the foregoing provisions of this section, and
except as otherwise provided in this subsection, any taxpayer qualified and
certified under the provisions of K.S.A. 74-50,131, and amendments
thereto; which, prior to making a commitment to invest in a qualified
Kansas business, has filed a certificate of intent to invest in a qualified
business facility in a form satisfactory to the secretary of commerce; and
that has received written approval from the secretary of commerce for
participation and has participated, during the tax year for which the
exemption is claimed, in the Kansas industrial training, Kansas industrial
retraining or the state of Kansas investments in lifelong learning program
or is eligible for the tax credit established in K.S.A. 74-50,132, and
amendments thereto, shall be entitled to a credit in an amount equal to
10% of that portion of the qualified business facility investment which
exceeds $50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2)
without regard to the number of qualified business facility employees
engaged or maintained in employment at the qualified business facility.
For tax years beginning on or after January 1, 2012, for a qualified
business facility investment in Douglas, Johnson, Sedgwick, Shawnee or
Wyandotte counties, such credit shall be in an amount equal to 10% of that
portion of the qualified business facility investment which exceeds
$1,000,000. Any taxpayer who has filed a certificate of intent to invest in a
qualified business facility pursuant to this subsection in Douglas, Johnson,
Sedgwick, Shawnee or Wyandotte county prior to December 31, 2011, and
commences investments in a qualified business facility prior to December
31, 2013, may claim credits under K.S.A. 74-50,131, 74-50,132 and
subsection (e) of 79-32,160a(e), and amendments thereto, in an amount
equal to 10% of that portion of the qualified business facility investment
which exceeds $50,000. Timing modifications may be authorized at the
discretion of the secretary of commerce and the secretary of revenue
during the transition period. The credit allowed by this subsection shall be
a one-time credit. If the amount thereof exceeds the tax imposed by the
Kansas income tax act on the taxpayer's Kansas taxable income or the
premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and
amendments thereto, or the privilege tax as measured by net income of
financial institutions imposed pursuant to article 11 of chapter 79 of the
Kansas Statutes Annotated, and amendments thereto, for the taxable year,
the amount thereof which exceeds such tax liability may be carried
forward for credit in the succeeding taxable year or years until the total
amount of the tax credit is used, except that no such tax credit shall be
carried forward for deduction after the 16th taxable year succeeding the
taxable year in which such credit initially was claimed, and no
carryforward shall be allowed for deduction in any succeeding taxable
year unless the taxpayer certifies under oath that the taxpayer continues to
meet the requirements of K.S.A. 74-50,131, and amendments thereto, and
this act. In no event shall any credit allowed under this section that expired
during any taxable year prior to the taxable year commencing January 1,
2011, be revived under the provisions of this act.

(f) For tax years commencing after December 31, 2005, any taxpayer
claiming credits pursuant to this section, as a condition for claiming and
qualifying for such credits, shall provide information pursuant to K.S.A.
2016 Supp. 79-32,243, and amendments thereto, as part of the tax return in
which such credits are claimed. Such credits shall not be denied solely on
the basis of the contents of the information provided by the taxpayer
pursuant to K.S.A. 2016 Supp. 79-32,243, and amendments thereto.

(g) This section and K.S.A. 79-32,160b, and amendments thereto,
shall be part of and supplemental to the job expansion and investment
credit act of 1976, and amendments thereto.

Sec. 6. K.S.A. 2016 Supp. 79-32,160g is hereby amended to read as
follows: 79-32,160g. Except as otherwise provided, for taxable years
commencing after December 31, 2011, no credits may be earned through
the Kansas enterprise zone act, K.S.A. 79-32,160a, and amendments thereto; or the job expansion and investment tax credit act, K.S.A. 79-
32,153, and amendments thereto. Any carry forward credit that has been
earned through the Kansas enterprise zone act, K.S.A. 79-32,160a, and
amendments thereto, and is remaining after December 31, 2011, may be
carried forward to succeeding taxable years as long as all requirements
continue to be met. Any credit that has been earned through the job
expansion and investment tax credit act, K.S.A. 79-32,153, and
amendments thereto, with years left in recomputing the credit after
December 31, 2011, may continue for the remainder of the nine-year
period as long as all requirements continue to be met.

Commencing January 1, 2018, credits may be earned through the
Kansas enterprise zone act, K.S.A. 79-32,160a, and amendments thereto.
Sec. 7. K.S.A. 2016 Supp. 79-3606 is hereby amended to read as follows: 79-3606. The following shall be exempt from the tax imposed by this act:

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

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

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

(d) All sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any public or private nonprofit hospital or public hospital authority, public
or private elementary or secondary school, a public or private nonprofit educational institution, state correctional institution including a privately constructed correctional institution contracted for state use and ownership, which would be exempt from taxation under the provisions of this act if purchased directly by such hospital or public hospital authority, school, educational institution or a state correctional institution; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or district described in subsection(s), the total cost of which is paid from funds of such political subdivision or district and which would be exempt from taxation under the provisions of this act if purchased directly by such political subdivision or district. Nothing in this subsection or in the provisions of K.S.A. 12-3418, and amendments thereto, shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or any such district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a political subdivision" shall mean general tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the purpose of constructing, equipping, reconstructing, repairing, enlarging, furnishing or remodeling facilities which are to be leased to the donor. When any political subdivision of the state, district described in subsection(s), public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school, public or private nonprofit educational institution, state correctional institution including a privately constructed correctional institution contracted for state use and ownership shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the political subdivision, district described in subsection (s), hospital or public hospital authority, school, educational institution or department of corrections concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may apply to the secretary of revenue for agent status for the sole purpose of issuing and
furnishing project exemption certificates to contractors pursuant to rules and regulations adopted by the secretary establishing conditions and standards for the granting and maintaining of such status. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the political subdivision, district described in subsection (s), hospital or public hospital authority, school, educational institution or the contractor contracting with the department of corrections for a correctional institution concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

(e) all sales of tangible personal property or services purchased by a contractor for the erection, repair or enlargement of buildings or other projects for the government of the United States, its agencies or instrumentalities, which would be exempt from taxation if purchased directly by the government of the United States, its agencies or instrumentalities. When the government of the United States, its agencies or instrumentalities shall contract for the erection, repair, or enlargement of any building or other project, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the government of the United States, its agencies or instrumentalities concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may
HB 2403

apply to the secretary of revenue for agent status for the sole purpose of
issuing and furnishing project exemption certificates to contractors
pursuant to rules and regulations adopted by the secretary establishing
conditions and standards for the granting and maintaining of such status.
All invoices shall be held by the contractor for a period of five years and
shall be subject to audit by the director of taxation. Any contractor or any
agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto;
   (f) tangible personal property purchased by a railroad or public utility
   for consumption or movement directly and immediately in interstate
   commerce;
   (g) sales of aircraft including remanufactured and modified aircraft
   sold to persons using directly or through an authorized agent such aircraft
   as certified or licensed carriers of persons or property in interstate or
   foreign commerce under authority of the laws of the United States or any
   foreign government or sold to any foreign government or agency or
   instrumentality of such foreign government and all sales of aircraft for use
   outside of the United States and sales of aircraft repair, modification and
   replacement parts and sales of services employed in the remanufacture,
   modification and repair of aircraft;
   (h) all rentals of nonsectarian textbooks by public or private
   elementary or secondary schools;
   (i) the lease or rental of all films, records, tapes, or any type of sound
   or picture transcriptions used by motion picture exhibitors;
   (j) meals served without charge or food used in the preparation of
   such meals to employees of any restaurant, eating house, dining car, hotel,
   drugstore or other place where meals or drinks are regularly sold to the
   public if such employees' duties are related to the furnishing or sale of
   such meals or drinks;
   (k) any motor vehicle, semitrailer or pole trailer, as such terms are
   defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and
delivered in this state to a bona fide resident of another state, which motor
vehicle, semitrailer, pole trailer or aircraft is not to be registered or based
in this state and which vehicle, semitrailer, pole trailer or aircraft will not
remain in this state more than 10 days;
   (l) all isolated or occasional sales of tangible personal property,
   services, substances or things, except isolated or occasional sale of motor
   vehicles specifically taxed under the provisions of K.S.A. 79-3603(o), and
amendments thereto;

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

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

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

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

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

(s) except as provided in K.S.A. 2016 Supp. 82a-2101, and amendments thereto, all sales of tangible personal property or services purchased directly or indirectly by a groundwater management district organized or operating under the authority of K.S.A. 82a-1020 et seq., and amendments thereto, by a rural water district organized or operating under the authority of K.S.A. 82a-612, and amendments thereto, or by a water supply district organized or operating under the authority of K.S.A. 19-3501 et seq., 19-3522 et seq., or 19-3545, and amendments thereto, which property or services are used in the construction activities, operation or maintenance of the district;

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

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

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

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

(x) all sales of propane gas, LP-gas, coal, wood and other fuel sources for the production of heat or lighting for noncommercial use of an occupant of residential premises occurring prior to January 1, 2006;
(y) all sales of materials and services used in the repairing, servicing, altering, maintaining, manufacturing, remanufacturing, or modification of railroad rolling stock for use in interstate or foreign commerce under authority of the laws of the United States;
(z) all sales of tangible personal property and services purchased directly by a port authority or by a contractor therefor as provided by the provisions of K.S.A. 12-3418, and amendments thereto;
(aa) all sales of materials and services applied to equipment which is transported into the state from without the state for repair, service, alteration, maintenance, remanufacture or modification and which is subsequently transported outside the state for use in the transmission of liquids or natural gas by means of pipeline in interstate or foreign commerce under authority of the laws of the United States;
(bb) all sales of used mobile homes or manufactured homes. As used in this subsection: (1) "Mobile homes" and "manufactured homes" shall have the meanings ascribed thereto by K.S.A. 58-4202, and amendments thereto; and (2) "sales of used mobile homes or manufactured homes" means sales other than the original retail sale thereof;
(cc) all sales of tangible personal property or services purchased prior to January 1, 2012, except as otherwise provided, and purchased on or after January 1, 2018, for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business or retail business which meets the requirements established in K.S.A. 74-50,115, and amendments thereto, and the sale and installation of machinery and equipment purchased for installation at any such business or retail business, and all sales of tangible personal property or services purchased on or after January 1, 2012, for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business which meets the requirements established in K.S.A. 74-50,115(e), and amendments thereto, and the sale and installation of machinery and equipment purchased for installation at any such business. When a person shall contract for the construction, reconstruction, enlargement or remodeling of any such business or retail business, such person shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the owner of the business or retail business a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the
contractor for a period of five years and shall be subject to audit by the
director of taxation. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials,
machinery or equipment purchased under such a certificate for any
purpose other than that for which such a certificate is issued without the
payment of the sales or compensating tax otherwise imposed thereon, shall
be guilty of a misdemeanor and, upon conviction therefor, shall be subject
to the penalties provided for in K.S.A. 79-3615(h), and amendments
thereto. As used in this subsection, "business" and "retail business" have
the meanings respectively ascribed thereto by K.S.A. 74-50,114, and
amendments thereto. Project exemption certificates that have been
previously issued under this subsection by the department of revenue
pursuant to K.S.A. 74-50,115, and amendments thereto, but not including
K.S.A. 74-50,115(e), and amendments thereto, prior to January 1, 2012,
and have not expired will be effective for the term of the project or two
years from the effective date of the certificate, whichever occurs earlier.
Project exemption certificates that are submitted to the department of
revenue prior to January 1, 2012, and are found to qualify will be issued a
project exemption certificate that will be effective for a two-year period or
for the term of the project, whichever occurs earlier;
   (dd) all sales of tangible personal property purchased with food
stamps issued by the United States department of agriculture;
   (ee) all sales of lottery tickets and shares made as part of a lottery
operated by the state of Kansas;
   (ff) on and after July 1, 1988, all sales of new mobile homes or
manufactured homes to the extent of 40% of the gross receipts, determined
without regard to any trade-in allowance, received from such sale. As used
in this subsection, "mobile homes" and "manufactured homes" shall have
the meanings ascribed thereto by K.S.A. 58-4202, and amendments
thereto;
   (gg) all sales of tangible personal property purchased in accordance
with vouchers issued pursuant to the federal special supplemental food
program for women, infants and children;
   (hh) all sales of medical supplies and equipment, including durable
medical equipment, purchased directly by a nonprofit skilled nursing home
or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923,
and amendments thereto, for the purpose of providing medical services to
residents thereof. This exemption shall not apply to tangible personal
property customarily used for human habitation purposes. As used in this
subsection, "durable medical equipment" means equipment including
repair and replacement parts for such equipment, which can withstand
repeated use, is primarily and customarily used to serve a medical purpose,
generally is not useful to a person in the absence of illness or injury and is
not worn in or on the body, but does not include mobility enhancing
equipment as defined in subsection (r), oxygen delivery equipment, kidney
dialysis equipment or enteral feeding systems;
(ii) all sales of tangible personal property purchased directly by a
nonprofit organization for nonsectarian comprehensive multidiscipline
youth development programs and activities provided or sponsored by such
organization, and all sales of tangible personal property by or on behalf of
any such organization. This exemption shall not apply to tangible personal
property customarily used for human habitation purposes;
(jj) all sales of tangible personal property or services, including the
renting and leasing of tangible personal property, purchased directly on
behalf of a community-based facility for people with intellectual disability
or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
amendments thereto, and licensed in accordance with the provisions of
K.S.A. 75-3307b, and amendments thereto, and all sales of tangible
personal property or services purchased by contractors during the time
period from July, 2003, through June, 2006, for the purpose of
constructing, equipping, maintaining or furnishing a new facility for a
community-based facility for people with intellectual disability or mental
health center located in Riverton, Cherokee County, Kansas, which would
have been eligible for sales tax exemption pursuant to this subsection if
purchased directly by such facility or center. This exemption shall not
apply to tangible personal property customarily used for human habitation
purposes;
(kk) (1) (A) all sales of machinery and equipment which are used in
this state as an integral or essential part of an integrated production
operation by a manufacturing or processing plant or facility;
(B) all sales of installation, repair and maintenance services
performed on such machinery and equipment; and
(C) all sales of repair and replacement parts and accessories
purchased for such machinery and equipment.
(2) For purposes of this subsection:
(A) "Integrated production operation" means an integrated series of
operations engaged in at a manufacturing or processing plant or facility to
process, transform or convert tangible personal property by physical,
chemical or other means into a different form, composition or character
from that in which it originally existed. Integrated production operations
shall include: (i) Production line operations, including packaging
operations; (ii) preproduction operations to handle, store and treat raw
materials; (iii) post production handling, storage, warehousing and
distribution operations; and (iv) waste, pollution and environmental
control operations, if any;
(B) "production line" means the assemblage of machinery and
equipment at a manufacturing or processing plant or facility where the
actual transformation or processing of tangible personal property occurs;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Machinery and equipment used for nonproduction purposes, including, but not limited to, machinery and equipment used for plant security, fire prevention, first aid, accounting, administration, record keeping, advertising, marketing, sales or other related activities, plant cleaning, plant communications, and employee work scheduling;
(B) machinery, equipment and tools used primarily in maintaining and repairing any type of machinery and equipment or the building and plant;

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

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

(E) furniture and other furnishings;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

   (xx) all sales of tangible personal property and services purchased by a nonprofit zoo which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, or on behalf of such zoo by an entity itself exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986 contracted with to operate such zoo and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo which would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit zoo or the entity operating such zoo. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo. When any nonprofit zoo shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the nonprofit zoo concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the nonprofit zoo concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto;
(yyy) all sales of tangible personal property and services purchased by
a parent-teacher association or organization, and all sales of tangible
personal property by or on behalf of such association or organization;
(zz) all sales of machinery and equipment purchased by over-the-air,
free access radio or television station which is used directly and primarily
for the purpose of producing a broadcast signal or is such that the failure
of the machinery or equipment to operate would cause broadcasting to
cease. For purposes of this subsection, machinery and equipment shall
include, but not be limited to, that required by rules and regulations of the
federal communications commission, and all sales of electricity which are
essential or necessary for the purpose of producing a broadcast signal or is
such that the failure of the electricity would cause broadcasting to cease;
(aaa) all sales of tangible personal property and services purchased by
a religious organization which is exempt from federal income taxation
pursuant to section 501(c)(3) of the federal internal revenue code, and used
exclusively for religious purposes, and all sales of tangible personal
property or services purchased by a contractor for the purpose of
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling facilities for any such organization which would
be exempt from taxation under the provisions of this section if purchased
directly by such organization. Nothing in this subsection shall be deemed
to exempt the purchase of any construction machinery, equipment or tools
used in the constructing, equipping, reconstructing, maintaining, repairing,
enlarging, furnishing or remodeling facilities for any such organization.
When any such organization shall contract for the purpose of constructing,
equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
remodeling facilities, it shall obtain from the state and furnish to the
contractor an exemption certificate for the project involved, and the
contractor may purchase materials for incorporation in such project. The
contractor shall furnish the number of such certificate to all suppliers from
whom such purchases are made, and such suppliers shall execute invoices
covering the same bearing the number of such certificate. Upon
completion of the project the contractor shall furnish to such organization
concerned a sworn statement, on a form to be provided by the director of
taxation, that all purchases so made were entitled to exemption under this
subsection. All invoices shall be held by the contractor for a period of five
years and shall be subject to audit by the director of taxation. If any
materials purchased under such a certificate are found not to have been
incorporated in the building or other project or not to have been returned
for credit or the sales or compensating tax otherwise imposed upon such
materials which will not be so incorporated in the building or other project
reported and paid by such contractor to the director of taxation not later
than the 20th day of the month following the close of the month in which it
shall be determined that such materials will not be used for the purpose for
which such certificate was issued, such organization concerned shall be
liable for tax on all materials purchased for the project, and upon payment
thereof it may recover the same from the contractor together with
reasonable attorney fees. Any contractor or any agent, employee or
subcontractor thereof, who shall use or otherwise dispose of any materials
purchased under such a certificate for any purpose other than that for
which such a certificate is issued without the payment of the sales or
compensating tax otherwise imposed upon such materials, shall be guilty
of a misdemeanor and, upon conviction thereof, shall be subject to the
penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
Sales tax paid on and after July 1, 1998, but prior to the effective date of
this act upon the gross receipts received from any sale exempted by the
amendatory provisions of this subsection shall be refunded. Each claim for
a sales tax refund shall be verified and submitted to the director of taxation
upon forms furnished by the director and shall be accompanied by any
additional documentation required by the director. The director shall
review each claim and shall refund that amount of sales tax paid as
determined under the provisions of this subsection. All refunds shall be
paid from the sales tax refund fund upon warrants of the director of
accounts and reports pursuant to vouchers approved by the director or the
director's designee;
   (bbb) all sales of food for human consumption by an organization
which is exempt from federal income taxation pursuant to section 501(c)
(3) of the federal internal revenue code of 1986, pursuant to a food
distribution program which offers such food at a price below cost in
exchange for the performance of community service by the purchaser
thereof;
   (ccc) on and after July 1, 1999, all sales of tangible personal property
and services purchased by a primary care clinic or health center the
primary purpose of which is to provide services to medically underserved
individuals and families, and which is exempt from federal income
taxation pursuant to section 501(c)(3) of the federal internal revenue code,
and all sales of tangible personal property or services purchased by a
contractor for the purpose of constructing, equipping, reconstructing,
maintaining, repairing, enlarging, furnishing or remodeling facilities for
any such clinic or center which would be exempt from taxation under the
provisions of this section if purchased directly by such clinic or center,
except that for taxable years commencing after December 31, 2013, this
subsection shall not apply to any sales of such tangible personal property
and services purchased by a primary care clinic or health center which performs any abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such clinic or center. When any such clinic or center shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such clinic or center concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such clinic or center concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

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

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

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

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

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

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

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

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

(oo) all sales of tangible personal property by or on behalf of a public library serving the general public and supported in whole or in part with tax money or a not-for-profit organization whose purpose is to raise funds for or provide services or other benefits to any such public library;
(ppp) all sales of tangible personal property and services purchased by or on behalf of a homeless shelter which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal income tax code of 1986, and used by any such homeless shelter to provide emergency and transitional housing for individuals and families experiencing homelessness, and all sales of any such property by or on behalf of any such homeless shelter for any such purpose;

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

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

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

(ttt) all sales of tangible personal property or services purchased by a contractor for a project for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit museum which has been granted an exemption pursuant to subsection (qq), which such home or facility is located in a city which has been designated as a qualified hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and amendments thereto, and which such project is related to the purposes of K.S.A. 75-5071 et seq., and amendments thereto, and which would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit museum. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility for any such nonprofit museum. When any such nonprofit museum shall contract for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute
invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such nonprofit museum a sworn statement on a form to be provided by the director of taxation that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in a home or facility or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such nonprofit museum shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in K.S.A. 79-3615(h), and amendments thereto; (uuu) all sales of tangible personal property and services purchased by Kansas children's service league, hereinafter referred to as KCSL, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing for the prevention and treatment of child abuse and maltreatment as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of KCSL for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for KCSL for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by KCSL. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for KCSL. When KCSL contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such
project. The contractor shall furnish the number of such certificate to all
suppliers from whom such purchases are made, and such suppliers shall
execute invoices covering the same bearing the number of such certificate.
Upon completion of the project the contractor shall furnish to KCSL a
sworn statement, on a form to be provided by the director of taxation, that
all purchases so made were entitled to exemption under this subsection.
All invoices shall be held by the contractor for a period of five years and
shall be subject to audit by the director of taxation. If any materials
purchased under such a certificate are found not to have been incorporated
in the building or other project or not to have been returned for credit or
the sales or compensating tax otherwise imposed upon such materials
which will not be so incorporated in the building or other project reported
and paid by such contractor to the director of taxation not later than the
20th day of the month following the close of the month in which it shall be
determined that such materials will not be used for the purpose for which
such certificate was issued, KCSL shall be liable for tax on all materials
purchased for the project, and upon payment thereof it may recover the
same from the contractor together with reasonable attorney fees. Any
contractor or any agent, employee or subcontractor thereof, who shall use
or otherwise dispose of any materials purchased under such a certificate
for any purpose other than that for which such a certificate is issued
without the payment of the sales or compensating tax otherwise imposed
upon such materials, shall be guilty of a misdemeanor and, upon
conviction therefor, shall be subject to the penalties provided for in K.S.A.
79-3615(h), and amendments thereto;
(vvv) all sales of tangible personal property or services, including the
renting and leasing of tangible personal property or services, purchased by
jazz in the woods, inc., a Kansas corporation which is exempt from federal
income taxation pursuant to section 501(c)(3) of the federal internal
revenue code, for the purpose of providing jazz in the woods, an event
benefiting children-in-need and other nonprofit charities assisting such
children, and all sales of any such property by or on behalf of such
organization for such purpose;
(www) all sales of tangible personal property purchased by or on
behalf of the Frontenac education foundation, which is exempt from federal
income taxation pursuant to section 501(c)(3) of the federal internal revenue code, for the purpose of providing education support for students, and all sales of any such property by or on behalf of such organization for such purpose;
(xxx) all sales of personal property and services purchased by the
booth theatre foundation, inc., an organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such personal property and
services are used by any such organization in the constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
of the booth theatre, and all sales of tangible personal property or services
purchased by a contractor for the purpose of constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
the booth theatre for such organization, which would be exempt from
taxation under the provisions of this section if purchased directly by such
organization. Nothing in this subsection shall be deemed to exempt the
purchase of any construction machinery, equipment or tools used in the
constructing, equipping, reconstructing, maintaining, repairing, enlarging,
furnishing or remodeling facilities for any such organization. When any
such organization shall contract for the purpose of constructing, equipping,
reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
facilities, it shall obtain from the state and furnish to the contractor an
exemption certificate for the project involved, and the contractor may
purchase materials for incorporation in such project. The contractor shall
furnish the number of such certificate to all suppliers from whom such
purchases are made, and such suppliers shall execute invoices covering the
same bearing the number of such certificate. Upon completion of the
project the contractor shall furnish to such organization concerned a sworn
statement, on a form to be provided by the director of taxation, that all
purchases so made were entitled to exemption under this subsection. All
invoices shall be held by the contractor for a period of five years and shall
be subject to audit by the director of taxation. If any materials purchased
under such a certificate are found not to have been incorporated in such
facilities or not to have been returned for credit or the sales or
compensating tax otherwise imposed upon such materials which will not
be so incorporated in such facilities reported and paid by such contractor
to the director of taxation not later than the 20th day of the month following
the close of the month in which it shall be determined that such materials
will not be used for the purpose for which such certificate was issued, such
organization concerned shall be liable for tax on all materials purchased
for the project, and upon payment thereof it may recover the same from
the contractor together with reasonable attorney fees. Any contractor or
any agent, employee or subcontractor thereof, who shall use or otherwise
dispose of any materials purchased under such a certificate for any purpose
other than that for which such a certificate is issued without the payment
of the sales or compensating tax otherwise imposed upon such materials,
shall be guilty of a misdemeanor and, upon conviction therefor, shall be
subject to the penalties provided for in K.S.A. 79-3615(h), and
amendments thereto. Sales tax paid on and after January 1, 2007, but prior
to the effective date of this act upon the gross receipts received from any
sale which would have been exempted by the provisions of this subsection
had such sale occurred after the effective date of this act shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

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

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

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

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

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

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

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

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

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

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

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

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

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


Sec. 9. This act shall take effect and be in force from and after its publication in the statute book.