AN ACT concerning taxation; relating to rural broadband; income tax, credits, modifications; sales and compensating use tax, exemptions; amending K.S.A. 2017 Supp. 79-32,117 and 79-3606 and repealing the existing sections.

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

New Section 1. (a) As used in this section:

(1) "Broadband" means a retail service that utilizes infrastructure with the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics and video, without regard to delivery technology and that:

(A) is capable of minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least three megabits per second;

(B) provides an average latency of less than 100 milliseconds to enable the use of real-time communications; and

(C) provides subscribers with a minimum monthly data allowance of 150 gigabytes per month.

(2) "Rural area" means a county with an average population density of less than 100 persons per square mile, excluding the county seat, and that is either:

(A) not served by any broadband service provider; or

(B) served by a broadband service provider, but less than 10% of the persons in such county have access to broadband service.

(b) There shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act an amount equal to the rental income received by the taxpayer for rent of real estate to any provider of broadband for the installation of any equipment required in providing broadband in a rural area. The tax credit allowed by this subsection shall be deducted from the taxpayer's income tax liability for the taxable year in which the rental income is received by the taxpayer. If the amount of such tax credit exceeds the taxpayer's income tax liability for such taxable year, the taxpayer may carry over the amount thereof that exceeds such tax liability for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such
tax credit shall be carried over for deduction after the fourth taxable year succeeding the year in which the costs are incurred.

(c) Any business firm or business entity not subject to Kansas income, privilege or premiums tax, hereinafter designated the assignor, may sell, assign, convey or otherwise transfer tax credits up to 80% of the credit allowed and earned pursuant to this section. Such credits shall be deemed to be allowed and earned by any such business entity, which is only disqualified therefrom by reason of not being subject to such Kansas taxes. The business firm acquiring earned credits, hereinafter designated the assignee, may use the amount of the acquired credits to offset up to 100% of its income, privilege or premium tax liability for the taxable year in which such acquisition was made. Only the full credit amount for any one contribution may be transferred and such credit may be transferred one time. Unused credit amounts claimed by the assignee may be carried forward for up to five years, except that all such amounts shall be claimed within 10 years following the tax year in which the contribution was made. The assignor shall enter into a written agreement with the assignee establishing the terms and conditions of the agreement and shall perfect such transfer by notifying the director of revenue in writing within 30 calendar days following the effective date of the transfer and shall provide any information as may be required by the director of revenue to administer and carry out the provisions of this section. The amount received by the assignor of such tax credit shall be taxable as income of the assignor, and the excess of the value of such credit over the amount paid by the assignee for such credit shall be taxable as income of the assignee.

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

(e) The provisions of this section shall be applicable to all taxable years commencing after December 31, 2018.

New Sec. 2. (a) In addition to the income tax credit allowable pursuant to section 1, and amendments thereto, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of equipment for the installation of broadband in a rural area. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such equipment for new broadband in a rural area for the first taxable year in which such equipment was installed and 5% of the amortizable costs of such new equipment for new broadband in a rural area for each of the next nine taxable years.

(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time
prescribed by rules and regulations adopted by the secretary.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2018.

(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

(e) As used in this section, terms have the meanings provided by section 1, and amendments thereto.

Sec. 3. K.S.A. 2017 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter.

(iii) The federal net operating loss deduction, except that the federal net operating loss deduction shall not be added to an individual's federal adjusted gross income for tax years beginning after December 31, 2016.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas
taxable income, but only that portion of the refund shall be included as
bears the same proportion to the total refund received as the federal taxes
deducted in the year to which such refund is attributable bears to the total
federal income taxes paid for such year. For purposes of the foregoing
sentence, federal taxes shall be considered to have been deducted only to
the extent such deduction does not reduce Kansas taxable income below
zero.

(v) The amount of any depreciation deduction or business expense
deduction claimed on the taxpayer's federal income tax return for any
capital expenditure in making any building or facility accessible to the
handicapped, for which expenditure the taxpayer claimed the credit
allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by
an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
and amendments thereto.

(vii) The amount of any charitable contribution made to the extent the
same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-
32,196, and amendments thereto.

(viii) The amount of any costs incurred for improvements to a swine
facility, claimed for deduction in determining federal adjusted gross
income, to the extent the same is claimed as the basis for any credit
allowed pursuant to K.S.A. 2017 Supp. 79-32,204, and amendments
thereto.

(ix) The amount of any ad valorem taxes and assessments paid and
the amount of any costs incurred for habitat management or construction
and maintenance of improvements on real property, claimed for deduction
in determining federal adjusted gross income, to the extent the same is
claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203,
and amendments thereto.

(x) Amounts received as nonqualified withdrawals, as defined by
K.S.A. 2017 Supp. 75-643, and amendments thereto, if, at the time of
contribution to a family postsecondary education savings account, such
amounts were subtracted from the federal adjusted gross income pursuant
to K.S.A. 79-32,117(c)(xv), and amendments thereto, or if such amounts
are not already included in the federal adjusted gross income.

(xi) The amount of any contribution made to the same extent the
same is claimed as the basis for the credit allowed pursuant to K.S.A. 2017
Supp. 74-50,154, and amendments thereto.

(xii) For taxable years commencing after December 31, 2004,
amounts received as withdrawals not in accordance with the provisions of
K.S.A. 2017 Supp. 74-50,204, and amendments thereto, if, at the time of
contribution to an individual development account, such amounts were
subtracted from the federal adjusted gross income pursuant to subsection
(c)(xiii), or if such amounts are not already included in the federal adjusted gross income.

(xiii) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2017 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

(xiv) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,221, and amendments thereto.


(xvii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2017 Supp. 79-32,256, and amendments thereto.

(xviii) For taxable years commencing after December 31, 2006, the amount of any ad valorem or property taxes and assessments paid to a state other than Kansas or local government located in a state other than Kansas by a taxpayer who resides in a state other than Kansas, when the law of such state does not allow a resident of Kansas who earns income in such other state to claim a deduction for ad valorem or property taxes or assessments paid to a political subdivision of the state of Kansas in determining taxable income for income tax purposes in such other state, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xix) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, except those with wholly owned subsidiaries subject to the Kansas privilege tax, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the
federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service.

(xx) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for self-employment taxes under section 164(f) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer, to the extent the deduction is attributable to income reported on schedule C, E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income tax return.

(xxi) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxii) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiii) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for
federal income tax purposes.

(xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2017 Supp. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2017 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax purposes.

c) There shall be subtracted from federal adjusted gross income:

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions less any related expenses directly incurred in the purchase of such obligations or securities, to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income.

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal
adjusted gross income.

(vii) Amounts received as annuities under the federal civil service retirement system from the civil service retirement and disability fund and other amounts received as retirement benefits in whatever form which were earned for being employed by the federal government or for service in the armed forces of the United States.

(viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. §§ 228b (a) and 228c (a)(1) et seq.

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.

(x) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. § 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. § 280 C.

(xi) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas venture capital, inc.

(xii) For taxable years beginning after December 31, 1989, amounts received by retired employees of a board of public utilities as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249, and amendments thereto.

(xiii) For taxable years beginning after December 31, 2004, amounts contributed to and the amount of income earned on contributions deposited to an individual development account under K.S.A. 2017 Supp. 74-50,201 et seq., and amendments thereto.

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation. For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of modification under this subsection shall exclude the portion of income or loss reported on schedule E and included on line 17 of the taxpayer's form 1040 federal individual income tax return.
(xv) For all taxable years beginning after December 31, 2006, amounts not exceeding $3,000, or $6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2017 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are or were members of the armed forces of the United States, including service in the Kansas army and air national guard, as a recruitment, sign up or retention bonus received by such taxpayer as an incentive to join, enlist or remain in the armed services of the United States, including service in the Kansas army and air national guard, and amounts received for repayment of educational or student loans incurred by or obligated to such taxpayer and received by such taxpayer as a result of such taxpayer's service in the armed forces of the United States, including service in the Kansas army and air national guard.

(xvii) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are eligible members of the Kansas army and air national guard as a reimbursement pursuant to K.S.A. 48-281, and amendments thereto, and amounts received for death benefits pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section 1 or section 2 of chapter 207 of the 2005 Session Laws of Kansas, and amendments thereto, to the extent that such death benefits are included in federal adjusted gross income of the taxpayer.

(xviii) For the taxable year beginning after December 31, 2006, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of $50,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly; and for all taxable years beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of $75,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly.

(xix) Amounts received by retired employees of Washburn university
as retirement and pension benefits under the university's retirement plan.

(xx) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any: (1) Net profit from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) net income, not including guaranteed payments as defined in section 707(c) of the federal internal revenue code and as reported to the taxpayer from federal schedule K-1, (form 1065-B), in box 9, code F or as reported to the taxpayer from federal schedule K-1, (form 1065) in box 4, from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) net farm profit as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent included in the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011 and as revised thereafter by the internal revenue service.

(xxi) For all taxable years beginning after December 31, 2013, amounts equal to the unreimbursed travel, lodging and medical expenditures directly incurred by a taxpayer while living, or a dependent of the taxpayer while living, for the donation of one or more human organs of the taxpayer, or a dependent of the taxpayer, to another person for human organ transplantation. The expenses may be claimed as a subtraction modification provided for in this section to the extent the expenses are not already subtracted from the taxpayer's federal adjusted gross income. In no circumstances shall the subtraction modification provided for in this section for any individual, or a dependent, exceed $5,000. As used in this section, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The provisions of this paragraph shall take effect on the day the secretary of revenue certifies to the director of the budget that the cost for the department of revenue of modifications to the automated tax system for the purpose of implementing this paragraph will not exceed $20,000.

(xxii) For taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of net gain from the sale of: (1) Cattle and horses, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 24 months or more from the date of acquisition; and (2) other livestock, regardless of age, held by the taxpayer for draft, breeding, dairy or
sporting purposes, and held by such taxpayer for 12 months or more from the date of acquisition. The subtraction from federal adjusted gross income shall be limited to the amount of the additions recognized under the provisions of subsection (b)(xix) attributable to the business in which the livestock sold had been used. As used in this paragraph, the term "livestock" shall not include poultry.

(xxiii) For all taxable years beginning after December 31, 2012, amounts received under either the Overland Park, Kansas police department retirement plan or the Overland Park, Kansas fire department retirement plan, both as established by the city of Overland Park, pursuant to the city's home rule authority.

(xxiv) For taxable years beginning after December 31, 2013, and ending before January 1, 2017, the net gain from the sale from Christmas trees grown in Kansas and held by the taxpayer for six years or more.

(xxv) For all taxable years beginning after December 31, 2018, the amount equal to the amount of rent paid for rental real estate of real property used in providing broadband in a rural area as these terms are defined in section 1, and amendments thereto.

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.

(f) No taxpayer shall be assessed penalties and interest from the underpayment of taxes due to changes to this section that became law on July 1, 2017, so long as such underpayment is rectified on or before April 17, 2018.

Sec. 4. K.S.A. 2017 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 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. 2017 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, 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;

(yy) 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 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, 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
deposited 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;

(fff) 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;

(ggg) 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;

(hhh) 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 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, 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;

(nnn) 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;

(ooo) 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, maintaining, repairing, enlarging, 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, enlarging, furnishing or remodeling such facilities for charitable family providers. When charitable family providers 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 furnished 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, KCCL 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 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, 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

(llll) 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 therefor, 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; and
(mmmm) all sales of tangible personal property used to provide
broadband in a rural area as these terms are defined in section 1, and
amendments thereto.
Sec. 5. K.S.A. 2017 Supp. 79-32,117 and 79-3606 are hereby
repealed.
Sec. 6. This act shall take effect and be in force from and after its
publication in the statute book.