

**HOUSE BILL No. 2416**

By Committee on Taxation

2-14

1 AN ACT concerning taxation; relating to sales and compensating use tax;  
2 providing for a sales tax exemption for area agencies on aging;  
3 amending K.S.A. 2022 Supp. 79-3606 and repealing the existing  
4 section.

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

7 Section 1. K.S.A. 2022 Supp. 79-3606 is hereby amended to read as  
8 follows: 79-3606. The following shall be exempt from the tax imposed by  
9 this act:

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

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

Proposed Amendments

2023 House Bill No. 2416

Prepared by: Office of Revisor of Statutes

Sales

1 and the contractor may purchase materials, machinery and equipment for  
 2 incorporation in such project. The contractor shall furnish the number of  
 3 such certificates to all suppliers from whom such purchases are made, and  
 4 such suppliers shall execute invoices covering the same bearing the  
 5 number of such certificate. Upon completion of the project, the contractor  
 6 shall furnish to the owner of the qualified firm or qualified supplier a  
 7 sworn statement, on a form to be provided by the director of taxation, that  
 8 all purchases so made were entitled to exemption under this subsection.  
 9 All invoices shall be held by the contractor for a period of five years and  
 10 shall be subject to audit by the director of taxation. Any contractor or any  
 11 agent, employee or subcontractor thereof who shall use or otherwise  
 12 dispose of any materials, machinery or equipment purchased under such a  
 13 certificate for any purpose other than that for which such a certificate is  
 14 issued without the payment of the sales or compensating tax otherwise  
 15 imposed thereon, shall be guilty of a misdemeanor and, upon conviction  
 16 therefor, shall be subject to the penalties provided for in K.S.A. 79-  
 17 3615(h), and amendments thereto. As used in this subsection, "qualified  
 18 business facility," "qualified firm" and "qualified supplier" mean the same  
 19 as defined in K.S.A. 2022 Supp. 74-50.311, and amendments thereto; and

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

33 ~~(2) all sales of property by an area agency on aging for any such~~  
 34 ~~purpose; and~~

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

and

strike

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

32 Sec. 2. K.S.A. 2022 Supp. 79-3606 is hereby repealed.

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