

HOUSE BILL No. 2685

By Committee on Taxation

Requested by Representative A. Smith on behalf of the 2023 Special Committee on
Taxation

2-5

1 AN ACT concerning sales taxation; relating to exemptions; providing an
2 exemption for registered charitable organizations; amending K.S.A.
3 2023 Supp. 79-3606 and repealing the existing section.
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5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2023 Supp. 79-3606 is hereby amended to read as
7 follows: 79-3606. The following shall be exempt from the tax imposed by
8 this act:

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

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

Proposed Amendments
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Eligible Organizations

1 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
 2 facilities, it shall obtain from the state and furnish to the contractor an
 3 exemption certificate for the project involved, and such contractor may
 4 purchase materials for incorporation in such project. The contractor shall
 5 furnish the number of such certificate to all suppliers from whom such
 6 purchases are made, and such suppliers shall execute invoices covering the
 7 same bearing the number of such certificate. Upon completion of the
 8 project, the contractor shall furnish to such area agency on aging a sworn
 9 statement, on a form to be provided by the director of taxation, that all
 10 purchases so made were entitled to exemption under this subsection. All
 11 invoices shall be held by the contractor for a period of five years and shall
 12 be subject to audit by the director of taxation. If any materials purchased
 13 under such a certificate are found not to have been incorporated in the
 14 building or other project or not to have been returned for credit or the sales
 15 or compensating tax otherwise imposed upon such materials that will not
 16 be so incorporated in the building or other project reported and paid by
 17 such contractor to the director of taxation not later than the 20th day of the
 18 month following the close of the month in which it shall be determined
 19 that such materials will not be used for the purpose for which such
 20 certificate was issued, the area agency on aging concerned shall be liable
 21 for tax on all materials purchased for the project, and upon payment
 22 thereof, the area agency on aging may recover the same from the
 23 contractor together with reasonable attorney fees. Any contractor or any
 24 agent, employee or subcontractor thereof who shall use or otherwise
 25 dispose of any materials purchased under such a certificate for any purpose
 26 other than that for which such a certificate is issued without the payment
 27 of the sales or compensating tax otherwise imposed upon such materials
 28 shall be guilty of a misdemeanor and, upon conviction therefor, shall be
 29 subject to the penalties provided for in K.S.A. 79-3615(h), and
 30 amendments thereto; ~~and~~
 31 (qqqq) all sales of tangible personal property or services purchased
 32 by Kansas suicide prevention HQ, Inc., an organization that is exempt
 33 from federal income taxation pursuant to section 501(c)(3) of the federal
 34 internal revenue code of 1986, for the purpose of bringing suicide
 35 prevention training and awareness to communities across the state; and
 36 (rrrr) all sales of tangible personal property purchased by any
 37 organization determined to be in good standing with the secretary of state
 38 ~~and that is exempt from federal income taxation pursuant to section 501(c)~~
 39 ~~(3) of the federal internal revenue code of 1986.~~
 40 Sec. 2. K.S.A. 2023 Supp. 79-3606 is hereby repealed.
 41 Sec. 3. This act shall take effect and be in force from and after its
 42 publication in the statute book.

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