

HOUSE BILL No. 2106

By Committee on Taxation

1-19

1 AN ACT concerning taxation; relating to sales and compensating use tax;
2 providing for a sales tax exemption for sales of property and services
3 used in the provision of communications services; **providing for a**
4 **deduction for calculating tax owed when selling a motor vehicle that**
5 **is purchased within 90 days of the sale of another vehicle;** amending
6 **K.S.A. 12-199 and K.S.A. 2022 Supp. 79-3606 and repealing the**
7 **existing ~~section~~ sections.**

8
9 *Be it enacted by the Legislature of the State of Kansas:*

10 *New Section 1. (a) When a used motor vehicle is sold on or after*
11 *January 1, 2024, by an individual instead of being traded in as partial*
12 *payment on the sale of a new or used motor vehicle, and the individual*
13 *purchases a new or used vehicle of greater value within 90 days before*
14 *or after such sale, the tax imposed by the Kansas retailers' sales tax act*
15 *pursuant to K.S.A. 79-3601 et seq., and amendments thereto, or the*
16 *Kansas compensating tax pursuant to K.S.A. 79-3701 et seq., and*
17 *amendments thereto, shall be paid on the amount of total consideration*
18 *paid for the new or used vehicle purchased by such individual that*
19 *exceeds the amount received by such individual from such sale of the*
20 *used motor vehicle. In the event that the consideration paid for the*
21 *purchased vehicle is equal to or less than the amount received from the*
22 *sale of the used motor vehicle, then the individual shall not owe any*
23 *sales or compensating use tax.*

24 *(b) For purposes of subsection (a), the individual may either:*

25 *(1) Provide to the county treasurer the completed bills of sale for*
26 *the vehicle sold and the vehicle purchased at the time that the purchased*
27 *vehicle is registered. The county treasurer shall collect the tax on the*
28 *amount prescribed under subsection (a); or*

29 *(2) apply to the department of revenue if taxes have already been*
30 *paid on the purchased vehicle for a refund of the amount of tax paid by*
31 *the individual that exceeds the tax amount owed pursuant to subsection*
32 *(a) by providing both the completed bills of sale for the vehicle sold and*
33 *the vehicle purchased.*

34 *(c) (1) The deduction provided by this section shall not be allowed*

1 *unless the taxpayer claiming the deduction provides a copy of the bills of*
2 *sale required pursuant to subsection (b), and such bills of sale are on*
3 *department of revenue form TR-312 that, at a minimum, includes*
4 *information necessary to tie the specific purchase transaction to the*
5 *related sale transaction including, but not limited to, the:*

6 (A) *Seller's printed name and address;*

7 (B) *buyer's printed name and address;*

8 (C) *year, make and vehicle identification number of the vehicle;*

9 (D) *sale price and date of sale of the vehicle; and*

10 (E) *signatures of the seller and the buyer and the date signed.*

11 (2) *The sale price, date of sale and the name of at least one buyer*
12 *and seller listed on the bill of sale must match the information entered in*
13 *the assignment of title on the back of the certificate of title.*

14 (3) *If the taxpayer claiming such deduction fails to provide such*
15 *signed bills of sale, the tax shall be due on the total consideration paid*
16 *for the new or used vehicle.*

17 (d) *The department of revenue shall issue a refund pursuant to*
18 *subsection (b)(2) from the sales tax refund fund for any valid claims*
19 *filed within three years from the date of the purchase of the replacement*
20 *vehicle.*

21 (e) *The director of vehicles shall prescribe forms for compliance*
22 *with this section.*

23 (f) *As used in this section, "consideration paid" means the amount*
24 *paid after any rebate or discount.*

25 *Sec. 2. K.S.A. 12-199 is hereby amended to read as follows: 12-199.*

26 (a) *Except as otherwise provided by section 1, and amendments thereto, a*
27 *compensating use tax for the privilege of using or storing within a city*
28 *or county any vehicle—~~which~~ that is required to be registered under the*
29 *provisions of article 1 of chapter 8 of the Kansas Statutes Annotated,*
30 *and amendments thereto, and—~~which~~ that is purchased within this state*
31 *but without the local retailers' sales taxing jurisdiction of such city or*
32 *county, is hereby imposed by every city or county imposing a retailers'*
33 *sales tax. The rate of any such tax shall be equal to the difference*
34 *between the aggregate rate of all local retailers' sales tax rates imposed*
35 *by all local retailers sales taxing jurisdictions of the situs of such vehicle*
36 *less the aggregate rate of all local retailers' sales tax rates imposed by all*
37 *local retailers' sales taxing jurisdictions of the situs of the purchase of*
38 *such vehicle. Except as otherwise provided in this section, any city or*
39 *county imposing a compensating use tax is prohibited from*
40 *administering such tax locally, but shall utilize the services of the state*
41 *department of revenue to administer and enforce such tax. All laws and*
42 *rules and regulations of the state department of revenue relating to the*
43 *Kansas compensating tax shall apply to such local compensating use tax*

1 *insofar as the same may be made applicable. Such tax shall be collected*
2 *by the county treasurer at the time the vehicle is registered in this state*
3 *following a sale occurring within this state. Registration of such vehicle*
4 *within a taxing jurisdiction shall be deemed to constitute use or storage*
5 *thereof for compensating tax purposes and the residence or place of*
6 *business of the applicant shall be deemed to be the situs of such use or*
7 *storage for purposes of the collection and distribution thereof.*

8 *(b) The secretary of revenue is authorized to administer and*
9 *enforce a city's or county's compensating use tax and to adopt such*
10 *rules and regulations necessary for the efficient and effective*
11 *administration, enforcement and collection thereof.*

12 *(c) All revenue received by any county treasurer from a countywide*
13 *compensating use tax shall be apportioned among the county and each*
14 *city located in such county in the same manner as provided in K.S.A. 12-*
15 *192, and amendments thereto, for the apportionment of revenue received*
16 *from a countywide retailers' sales tax, and all revenue received from a*
17 *city compensating use tax shall be remitted at least quarterly to the*
18 *treasurer of such city.*

19 ~~Section 1.~~ **Sec. 3.** K.S.A. 2022 Supp. 79-3606 is hereby amended to
20 read as follows: 79-3606. The following shall be exempt from the tax
21 imposed by this act:

22 (a) All sales of motor-vehicle fuel or other articles upon which a sales
23 or excise tax has been paid, not subject to refund, under the laws of this
24 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
25 3301, and amendments thereto, including consumable material for such
26 electronic cigarettes, cereal malt beverages and malt products as defined
27 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
28 malt syrup and malt extract, that is not subject to taxation under the
29 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles
30 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
31 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
32 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
33 thereto, and gross receipts from regulated sports contests taxed pursuant to
34 the Kansas professional regulated sports act, and amendments thereto;

35 (b) all sales of tangible personal property or service, including the
36 renting and leasing of tangible personal property, purchased directly by the
37 state of Kansas, a political subdivision thereof, other than a school or
38 educational institution, or purchased by a public or private nonprofit
39 hospital, public hospital authority, nonprofit blood, tissue or organ bank or
40 nonprofit integrated community care organization and used exclusively for
41 state, political subdivision, hospital, public hospital authority, nonprofit
42 blood, tissue or organ bank or nonprofit integrated community care
43 organization purposes, except when: (1) Such state, hospital or public

1 hospital authority is engaged or proposes to engage in any business
2 specifically taxable under the provisions of this act and such items of
3 tangible personal property or service are used or proposed to be used in
4 such business; or (2) such political subdivision is engaged or proposes to
5 engage in the business of furnishing gas, electricity or heat to others and
6 such items of personal property or service are used or proposed to be used
7 in such business;

8 (c) all sales of tangible personal property or services, including the
9 renting and leasing of tangible personal property, purchased directly by a
10 public or private elementary or secondary school or public or private
11 nonprofit educational institution and used primarily by such school or
12 institution for nonsectarian programs and activities provided or sponsored
13 by such school or institution or in the erection, repair or enlargement of
14 buildings to be used for such purposes. The exemption herein provided
15 shall not apply to erection, construction, repair, enlargement or equipment
16 of buildings used primarily for human habitation, except that such
17 exemption shall apply to the erection, construction, repair, enlargement or
18 equipment of buildings used for human habitation by the cerebral palsy
19 research foundation of Kansas located in Wichita, Kansas, and multi
20 community diversified services, incorporated, located in McPherson,
21 Kansas;

22 (d) all sales of tangible personal property or services purchased by a
23 contractor for the purpose of constructing, equipping, reconstructing,
24 maintaining, repairing, enlarging, furnishing or remodeling facilities for
25 any public or private nonprofit hospital or public hospital authority, public
26 or private elementary or secondary school, a public or private nonprofit
27 educational institution, state correctional institution including a privately
28 constructed correctional institution contracted for state use and ownership,
29 that would be exempt from taxation under the provisions of this act if
30 purchased directly by such hospital or public hospital authority, school,
31 educational institution or a state correctional institution; and all sales of
32 tangible personal property or services purchased by a contractor for the
33 purpose of constructing, equipping, reconstructing, maintaining, repairing,
34 enlarging, furnishing or remodeling facilities for any political subdivision
35 of the state or district described in subsection (s), the total cost of which is
36 paid from funds of such political subdivision or district and that would be
37 exempt from taxation under the provisions of this act if purchased directly
38 by such political subdivision or district. Nothing in this subsection or in
39 the provisions of K.S.A. 12-3418, and amendments thereto, shall be
40 deemed to exempt the purchase of any construction machinery, equipment
41 or tools used in the constructing, equipping, reconstructing, maintaining,
42 repairing, enlarging, furnishing or remodeling facilities for any political
43 subdivision of the state or any such district. As used in this subsection,

1 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a
2 political subdivision" shall mean general tax revenues, the proceeds of any
3 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the
4 purpose of constructing, equipping, reconstructing, repairing, enlarging,
5 furnishing or remodeling facilities that are to be leased to the donor. When
6 any political subdivision of the state, district described in subsection (s),
7 public or private nonprofit hospital or public hospital authority, public or
8 private elementary or secondary school, public or private nonprofit
9 educational institution, state correctional institution including a privately
10 constructed correctional institution contracted for state use and ownership
11 shall contract for the purpose of constructing, equipping, reconstructing,
12 maintaining, repairing, enlarging, furnishing or remodeling facilities, it
13 shall obtain from the state and furnish to the contractor an exemption
14 certificate for the project involved, and the contractor may purchase
15 materials for incorporation in such project. The contractor shall furnish the
16 number of such certificate to all suppliers from whom such purchases are
17 made, and such suppliers shall execute invoices covering the same bearing
18 the number of such certificate. Upon completion of the project the
19 contractor shall furnish to the political subdivision, district described in
20 subsection (s), hospital or public hospital authority, school, educational
21 institution or department of corrections concerned a sworn statement, on a
22 form to be provided by the director of taxation, that all purchases so made
23 were entitled to exemption under this subsection. As an alternative to the
24 foregoing procedure, any such contracting entity may apply to the
25 secretary of revenue for agent status for the sole purpose of issuing and
26 furnishing project exemption certificates to contractors pursuant to rules
27 and regulations adopted by the secretary establishing conditions and
28 standards for the granting and maintaining of such status. All invoices
29 shall be held by the contractor for a period of five years and shall be
30 subject to audit by the director of taxation. If any materials purchased
31 under such a certificate are found not to have been incorporated in the
32 building or other project or not to have been returned for credit or the sales
33 or compensating tax otherwise imposed upon such materials that will not
34 be so incorporated in the building or other project reported and paid by
35 such contractor to the director of taxation not later than the 20th day of the
36 month following the close of the month in which it shall be determined
37 that such materials will not be used for the purpose for which such
38 certificate was issued, the political subdivision, district described in
39 subsection (s), hospital or public hospital authority, school, educational
40 institution or the contractor contracting with the department of corrections
41 for a correctional institution concerned shall be liable for tax on all
42 materials purchased for the project, and upon payment thereof it may
43 recover the same from the contractor together with reasonable attorney

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

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

39 (f) tangible personal property purchased by a railroad or public utility
40 for consumption or movement directly and immediately in interstate
41 commerce;

42 (g) sales of aircraft including remanufactured and modified aircraft
43 sold to persons using directly or through an authorized agent such aircraft

1 as certified or licensed carriers of persons or property in interstate or
2 foreign commerce under authority of the laws of the United States or any
3 foreign government or sold to any foreign government or agency or
4 instrumentality of such foreign government and all sales of aircraft for use
5 outside of the United States and sales of aircraft repair, modification and
6 replacement parts and sales of services employed in the remanufacture,
7 modification and repair of aircraft;

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

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

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

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

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

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

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

1 drilling, refining, compounding, treating, irrigation and in providing such
2 services;

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

9 (p) all sales of drugs dispensed pursuant to a prescription order by a
10 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-
11 1626, and amendments thereto. As used in this subsection, "drug" means a
12 compound, substance or preparation and any component of a compound,
13 substance or preparation, other than food and food ingredients, dietary
14 supplements or alcoholic beverages, recognized in the official United
15 States pharmacopeia, official homeopathic pharmacopoeia of the United
16 States or official national formulary, and supplement to any of them,
17 intended for use in the diagnosis, cure, mitigation, treatment or prevention
18 of disease or intended to affect the structure or any function of the body,
19 except that for taxable years commencing after December 31, 2013, this
20 subsection shall not apply to any sales of drugs used in the performance or
21 induction of an abortion, as defined in K.S.A. 65-6701, and amendments
22 thereto;

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

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

1 missing portion of the body, prevent or correct physical deformity or
2 malfunction or support a weak or deformed portion of the body;

3 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,
4 all sales of tangible personal property or services purchased directly or
5 indirectly by a groundwater management district organized or operating
6 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,
7 by a rural water district organized or operating under the authority of
8 K.S.A. 82a-612, and amendments thereto, or by a water supply district
9 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-
10 3522 et seq. or 19-3545, and amendments thereto, which property or
11 services are used in the construction activities, operation or maintenance of
12 the district;

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

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

42 (v) all sales of tangible personal property to any contractor for use in
43 preparing meals for delivery to homebound elderly persons over 60 years

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

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

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

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

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

33 (aa) all sales of materials and services applied to equipment that is
34 transported into the state from without the state for repair, service,
35 alteration, maintenance, remanufacture or modification and that is
36 subsequently transported outside the state for use in the transmission of
37 liquids or natural gas by means of pipeline in interstate or foreign
38 commerce under authority of the laws of the United States;

39 (bb) all sales of used mobile homes or manufactured homes. As used
40 in this subsection: (1) "Mobile homes" and "manufactured homes" mean
41 the same as defined in K.S.A. 58-4202, and amendments thereto; and (2)
42 "sales of used mobile homes or manufactured homes" means sales other
43 than the original retail sale thereof;

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

1 occurs earlier;

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

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

6 (ff) on and after July 1, 1988, all sales of new mobile homes or
7 manufactured homes to the extent of 40% of the gross receipts, determined
8 without regard to any trade-in allowance, received from such sale. As used
9 in this subsection, "mobile homes" and "manufactured homes" mean the
10 same as defined in K.S.A. 58-4202, and amendments thereto;

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

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

27 (ii) all sales of tangible personal property purchased directly by a
28 nonprofit organization for nonsectarian comprehensive multidiscipline
29 youth development programs and activities provided or sponsored by such
30 organization, and all sales of tangible personal property by or on behalf of
31 any such organization. This exemption shall not apply to tangible personal
32 property customarily used for human habitation purposes;

33 (jj) all sales of tangible personal property or services, including the
34 renting and leasing of tangible personal property, purchased directly on
35 behalf of a community-based facility for people with intellectual disability
36 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and
37 amendments thereto, and licensed in accordance with the provisions of
38 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible
39 personal property or services purchased by contractors during the time
40 period from July, 2003, through June, 2006, for the purpose of
41 constructing, equipping, maintaining or furnishing a new facility for a
42 community-based facility for people with intellectual disability or mental
43 health center located in Riverton, Cherokee County, Kansas, that would

1 have been eligible for sales tax exemption pursuant to this subsection if
2 purchased directly by such facility or center. This exemption shall not
3 apply to tangible personal property customarily used for human habitation
4 purposes;

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

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

10 (C) all sales of repair and replacement parts and accessories
11 purchased for such machinery and equipment.

12 (2) For purposes of this subsection:

13 (A) "Integrated production operation" means an integrated series of
14 operations engaged in at a manufacturing or processing plant or facility to
15 process, transform or convert tangible personal property by physical,
16 chemical or other means into a different form, composition or character
17 from that in which it originally existed. Integrated production operations
18 shall include: (i) Production line operations, including packaging
19 operations; (ii) preproduction operations to handle, store and treat raw
20 materials; (iii) post production handling, storage, warehousing and
21 distribution operations; and (iv) waste, pollution and environmental
22 control operations, if any;

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

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

37 (D) "manufacturing or processing business" means a business that
38 utilizes an integrated production operation to manufacture, process,
39 fabricate, finish or assemble items for wholesale and retail distribution as
40 part of what is commonly regarded by the general public as an industrial
41 manufacturing or processing operation or an agricultural commodity
42 processing operation. (i) Industrial manufacturing or processing operations
43 include, by way of illustration but not of limitation, the fabrication of

1 automobiles, airplanes, machinery or transportation equipment, the
2 fabrication of metal, plastic, wood or paper products, electricity power
3 generation, water treatment, petroleum refining, chemical production,
4 wholesale bottling, newspaper printing, ready mixed concrete production,
5 and the remanufacturing of used parts for wholesale or retail sale. Such
6 processing operations shall include operations at an oil well, gas well,
7 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,
8 sand or gravel that has been extracted from the earth is cleaned, separated,
9 crushed, ground, milled, screened, washed or otherwise treated or prepared
10 before its transmission to a refinery or before any other wholesale or retail
11 distribution. (ii) Agricultural commodity processing operations include, by
12 way of illustration but not of limitation, meat packing, poultry slaughtering
13 and dressing, processing and packaging farm and dairy products in sealed
14 containers for wholesale and retail distribution, feed grinding, grain
15 milling, frozen food processing, and grain handling, cleaning, blending,
16 fumigation, drying and aeration operations engaged in by grain elevators
17 or other grain storage facilities. (iii) Manufacturing or processing
18 businesses do not include, by way of illustration but not of limitation,
19 nonindustrial businesses whose operations are primarily retail and that
20 produce or process tangible personal property as an incidental part of
21 conducting the retail business, such as retailers who bake, cook or prepare
22 food products in the regular course of their retail trade, grocery stores,
23 meat lockers and meat markets that butcher or dress livestock or poultry in
24 the regular course of their retail trade, contractors who alter, service, repair
25 or improve real property, and retail businesses that clean, service or
26 refurbish and repair tangible personal property for its owner;

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

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

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

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

41 (B) transport, convey, handle or store the property undergoing
42 manufacturing or processing at any point from the beginning of the
43 production line through any warehousing or distribution operation of the

1 final product that occurs at the plant or facility;

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

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

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

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

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

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

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

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

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

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

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

35 (4) The following machinery, equipment and materials shall be
36 deemed to be exempt even though it may not otherwise qualify as
37 machinery and equipment used as an integral or essential part of an
38 integrated production operation: (A) Computers and related peripheral
39 equipment that are utilized by a manufacturing or processing business for
40 engineering of the finished product or for research and development or
41 product design; (B) machinery and equipment that is utilized by a
42 manufacturing or processing business to manufacture or rebuild tangible
43 personal property that is used in manufacturing or processing operations,

1 including tools, dies, molds, forms and other parts of qualifying machinery
2 and equipment; (C) portable plants for aggregate concrete, bulk cement
3 and asphalt including cement mixing drums to be attached to a motor
4 vehicle; (D) industrial fixtures, devices, support facilities and special
5 foundations necessary for manufacturing and production operations, and
6 materials and other tangible personal property sold for the purpose of
7 fabricating such fixtures, devices, facilities and foundations. An exemption
8 certificate for such purchases shall be signed by the manufacturer or
9 processor. If the fabricator purchases such material, the fabricator shall
10 also sign the exemption certificate; (E) a manufacturing or processing
11 business' laboratory equipment that is not located at the plant or facility,
12 but that would otherwise qualify for exemption under subsection (3)(E);
13 (F) all machinery and equipment used in surface mining activities as
14 described in K.S.A. 49-601 et seq., and amendments thereto, beginning
15 from the time a reclamation plan is filed to the acceptance of the
16 completed final site reclamation.

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

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

24 (B) machinery, equipment and tools used primarily in maintaining
25 and repairing any type of machinery and equipment or the building and
26 plant;

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

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

35 (E) furniture and other furnishings;

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

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

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

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

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

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

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

16 (II) all sales of educational materials purchased for distribution to the
17 public at no charge by a nonprofit corporation organized for the purpose of
18 encouraging, fostering and conducting programs for the improvement of
19 public health, except that for taxable years commencing after December
20 31, 2013, this subsection shall not apply to any sales of such materials
21 purchased by a nonprofit corporation which performs any abortion, as
22 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

42 (rr) all sales of tangible personal property that will admit the
43 purchaser thereof to any annual event sponsored by a nonprofit

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

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

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

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

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

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

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

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

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

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

43 (6) the Kansas chapters of the Alzheimer's disease and related

1 disorders association, inc. for the purpose of providing assistance and
2 support to persons in Kansas with Alzheimer's disease, and their families
3 and caregivers;

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

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

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

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

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

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

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

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

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

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

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

42 (18) the Ottawa Suzuki strings, inc., for the purpose of providing
43 students and families with education and resources necessary to enable

1 each child to develop fine character and musical ability to the fullest
2 potential;

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

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

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

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

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

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

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

25 (xx) all sales of tangible personal property and services purchased by
26 a nonprofit zoo that is exempt from federal income taxation pursuant to
27 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf
28 of such zoo by an entity itself exempt from federal income taxation
29 pursuant to section 501(c)(3) of the federal internal revenue code of 1986
30 contracted with to operate such zoo and all sales of tangible personal
31 property or services purchased by a contractor for the purpose of
32 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
33 furnishing or remodeling facilities for any nonprofit zoo that would be
34 exempt from taxation under the provisions of this section if purchased
35 directly by such nonprofit zoo or the entity operating such zoo. Nothing in
36 this subsection shall be deemed to exempt the purchase of any construction
37 machinery, equipment or tools used in the constructing, equipping,
38 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
39 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for
40 the purpose of constructing, equipping, reconstructing, maintaining,
41 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
42 from the state and furnish to the contractor an exemption certificate for the
43 project involved, and the contractor may purchase materials for

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

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

30 (zz) all sales of machinery and equipment purchased by over-the-air,
31 free access radio or television station that is used directly and primarily for
32 the purpose of producing a broadcast signal or is such that the failure of
33 the machinery or equipment to operate would cause broadcasting to cease.
34 For purposes of this subsection, machinery and equipment shall include,
35 but not be limited to, that required by rules and regulations of the federal
36 communications commission, and all sales of electricity which are
37 essential or necessary for the purpose of producing a broadcast signal or is
38 such that the failure of the electricity would cause broadcasting to cease;

39 (aaa) all sales of tangible personal property and services purchased by
40 a religious organization that is exempt from federal income taxation
41 pursuant to section 501(c)(3) of the federal internal revenue code, and used
42 exclusively for religious purposes, and all sales of tangible personal
43 property or services purchased by a contractor for the purpose of

1 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
2 furnishing or remodeling facilities for any such organization that would be
3 exempt from taxation under the provisions of this section if purchased
4 directly by such organization. Nothing in this subsection shall be deemed
5 to exempt the purchase of any construction machinery, equipment or tools
6 used in the constructing, equipping, reconstructing, maintaining, repairing,
7 enlarging, furnishing or remodeling facilities for any such organization.
8 When any such organization shall contract for the purpose of constructing,
9 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
10 remodeling facilities, it shall obtain from the state and furnish to the
11 contractor an exemption certificate for the project involved, and the
12 contractor may purchase materials for incorporation in such project. The
13 contractor shall furnish the number of such certificate to all suppliers from
14 whom such purchases are made, and such suppliers shall execute invoices
15 covering the same bearing the number of such certificate. Upon
16 completion of the project the contractor shall furnish to such organization
17 concerned a sworn statement, on a form to be provided by the director of
18 taxation, that all purchases so made were entitled to exemption under this
19 subsection. All invoices shall be held by the contractor for a period of five
20 years and shall be subject to audit by the director of taxation. If any
21 materials purchased under such a certificate are found not to have been
22 incorporated in the building or other project or not to have been returned
23 for credit or the sales or compensating tax otherwise imposed upon such
24 materials that will not be so incorporated in the building or other project
25 reported and paid by such contractor to the director of taxation not later
26 than the 20th day of the month following the close of the month in which it
27 shall be determined that such materials will not be used for the purpose for
28 which such certificate was issued, such organization concerned shall be
29 liable for tax on all materials purchased for the project, and upon payment
30 thereof it may recover the same from the contractor together with
31 reasonable attorney fees. Any contractor or any agent, employee or
32 subcontractor thereof, who shall use or otherwise dispose of any materials
33 purchased under such a certificate for any purpose other than that for
34 which such a certificate is issued without the payment of the sales or
35 compensating tax otherwise imposed upon such materials, shall be guilty
36 of a misdemeanor and, upon conviction therefor, shall be subject to the
37 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.
38 Sales tax paid on and after July 1, 1998, but prior to the effective date of
39 this act upon the gross receipts received from any sale exempted by the
40 amendatory provisions of this subsection shall be refunded. Each claim for
41 a sales tax refund shall be verified and submitted to the director of taxation
42 upon forms furnished by the director and shall be accompanied by any
43 additional documentation required by the director. The director shall

1 review each claim and shall refund that amount of sales tax paid as
2 determined under the provisions of this subsection. All refunds shall be
3 paid from the sales tax refund fund upon warrants of the director of
4 accounts and reports pursuant to vouchers approved by the director or the
5 director's designee;

6 (bbb) all sales of food for human consumption by an organization that
7 is exempt from federal income taxation pursuant to section 501(c)(3) of
8 the federal internal revenue code of 1986, pursuant to a food distribution
9 program that offers such food at a price below cost in exchange for the
10 performance of community service by the purchaser thereof;

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

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

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

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

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

1 and other such equipment that is used in a public grain warehouse or other
2 commercial grain storage facility, whether used for grain handling, grain
3 storage, grain refining or processing, or other grain treatment operation;

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

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

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

1 incorporated in such facilities or not to have been returned for credit or the
2 sales or compensating tax otherwise imposed upon such materials that will
3 not be so incorporated in such facilities reported and paid by such
4 contractor to the director of taxation not later than the 20th day of the
5 month following the close of the month in which it shall be determined
6 that such materials will not be used for the purpose for which such
7 certificate was issued, such organization concerned shall be liable for tax
8 on all materials purchased for the project, and upon payment thereof it
9 may recover the same from the contractor together with reasonable
10 attorney fees. Any contractor or any agent, employee or subcontractor
11 thereof, who shall use or otherwise dispose of any materials purchased
12 under such a certificate for any purpose other than that for which such a
13 certificate is issued without the payment of the sales or compensating tax
14 otherwise imposed upon such materials, shall be guilty of a misdemeanor
15 and, upon conviction therefor, shall be subject to the penalties provided for
16 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after
17 July 1, 2005, but prior to the effective date of this act upon the gross
18 receipts received from any sale exempted by the amendatory provisions of
19 this subsection shall be refunded. Each claim for a sales tax refund shall be
20 verified and submitted to the director of taxation upon forms furnished by
21 the director and shall be accompanied by any additional documentation
22 required by the director. The director shall review each claim and shall
23 refund that amount of sales tax paid as determined under the provisions of
24 this subsection. All refunds shall be paid from the sales tax refund fund
25 upon warrants of the director of accounts and reports pursuant to vouchers
26 approved by the director or the director's designee;

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

42 (lll) all sales of tangible personal property and services purchased by
43 special olympics Kansas, inc. for the purpose of providing year-round

1 sports training and athletic competition in a variety of olympic-type sports
2 for individuals with intellectual disabilities by giving them continuing
3 opportunities to develop physical fitness, demonstrate courage, experience
4 joy and participate in a sharing of gifts, skills and friendship with their
5 families, other special olympics athletes and the community, and activities
6 provided or sponsored by such organization, and all sales of tangible
7 personal property by or on behalf of any such organization;

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

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

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

23 (ppp) all sales of tangible personal property and services purchased
24 by or on behalf of a homeless shelter that is exempt from federal income
25 taxation pursuant to section 501(c)(3) of the federal income tax code of
26 1986, and used by any such homeless shelter to provide emergency and
27 transitional housing for individuals and families experiencing
28 homelessness, and all sales of any such property by or on behalf of any
29 such homeless shelter for any such purpose;

30 (qqq) all sales of tangible personal property and services purchased
31 by TLC for children and families, inc., hereinafter referred to as TLC,
32 which is exempt from federal income taxation pursuant to section 501(c)
33 (3) of the federal internal revenue code of 1986, and such property and
34 services are used for the purpose of providing emergency shelter and
35 treatment for abused and neglected children as well as meeting additional
36 critical needs for children, juveniles and family, and all sales of any such
37 property by or on behalf of TLC for any such purpose; and all sales of
38 tangible personal property or services purchased by a contractor for the
39 purpose of constructing, maintaining, repairing, enlarging, furnishing or
40 remodeling facilities for the operation of services for TLC for any such
41 purpose that would be exempt from taxation under the provisions of this
42 section if purchased directly by TLC. Nothing in this subsection shall be
43 deemed to exempt the purchase of any construction machinery, equipment

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

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

40 (sss) all sales of tangible personal property and services purchased by
41 catholic charities or youthville, hereinafter referred to as charitable family
42 providers, which is exempt from federal income taxation pursuant to
43 section 501(c)(3) of the federal internal revenue code of 1986, and which

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

1 (ttt) all sales of tangible personal property or services purchased by a
2 contractor for a project for the purpose of restoring, constructing,
3 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or
4 remodeling a home or facility owned by a nonprofit museum that has been
5 granted an exemption pursuant to subsection (qq), which such home or
6 facility is located in a city that has been designated as a qualified
7 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and
8 amendments thereto, and which such project is related to the purposes of
9 K.S.A. 75-5071 et seq., and amendments thereto, and that would be
10 exempt from taxation under the provisions of this section if purchased
11 directly by such nonprofit museum. Nothing in this subsection shall be
12 deemed to exempt the purchase of any construction machinery, equipment
13 or tools used in the restoring, constructing, equipping, reconstructing,
14 maintaining, repairing, enlarging, furnishing or remodeling a home or
15 facility for any such nonprofit museum. When any such nonprofit museum
16 shall contract for the purpose of restoring, constructing, equipping,
17 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
18 a home or facility, it shall obtain from the state and furnish to the
19 contractor an exemption certificate for the project involved, and the
20 contractor may purchase materials for incorporation in such project. The
21 contractor shall furnish the number of such certificates to all suppliers
22 from whom such purchases are made, and such suppliers shall execute
23 invoices covering the same bearing the number of such certificate. Upon
24 completion of the project, the contractor shall furnish to such nonprofit
25 museum a sworn statement on a form to be provided by the director of
26 taxation that all purchases so made were entitled to exemption under this
27 subsection. All invoices shall be held by the contractor for a period of five
28 years and shall be subject to audit by the director of taxation. If any
29 materials purchased under such a certificate are found not to have been
30 incorporated in the building or other project or not to have been returned
31 for credit or the sales or compensating tax otherwise imposed upon such
32 materials that will not be so incorporated in a home or facility or other
33 project reported and paid by such contractor to the director of taxation not
34 later than the 20th day of the month following the close of the month in
35 which it shall be determined that such materials will not be used for the
36 purpose for which such certificate was issued, such nonprofit museum
37 shall be liable for tax on all materials purchased for the project, and upon
38 payment thereof it may recover the same from the contractor together with
39 reasonable attorney fees. Any contractor or any agent, employee or
40 subcontractor thereof, who shall use or otherwise dispose of any materials
41 purchased under such a certificate for any purpose other than that for
42 which such a certificate is issued without the payment of the sales or
43 compensating tax otherwise imposed upon such materials, shall be guilty

1 of a misdemeanor and, upon conviction therefor, shall be subject to the
2 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

3 (uuu) all sales of tangible personal property and services purchased
4 by Kansas children's service league, hereinafter referred to as KCSL,
5 which is exempt from federal income taxation pursuant to section 501(c)
6 (3) of the federal internal revenue code of 1986, and which such property
7 and services are used for the purpose of providing for the prevention and
8 treatment of child abuse and maltreatment as well as meeting additional
9 critical needs for children, juveniles and family, and all sales of any such
10 property by or on behalf of KCSL for any such purpose; and all sales of
11 tangible personal property or services purchased by a contractor for the
12 purpose of constructing, maintaining, repairing, enlarging, furnishing or
13 remodeling facilities for the operation of services for KCSL for any such
14 purpose that would be exempt from taxation under the provisions of this
15 section if purchased directly by KCSL. Nothing in this subsection shall be
16 deemed to exempt the purchase of any construction machinery, equipment
17 or tools used in the constructing, maintaining, repairing, enlarging,
18 furnishing or remodeling such facilities for KCSL. When KCSL contracts
19 for the purpose of constructing, maintaining, repairing, enlarging,
20 furnishing or remodeling such facilities, it shall obtain from the state and
21 furnish to the contractor an exemption certificate for the project involved,
22 and the contractor may purchase materials for incorporation in such
23 project. The contractor shall furnish the number of such certificate to all
24 suppliers from whom such purchases are made, and such suppliers shall
25 execute invoices covering the same bearing the number of such certificate.
26 Upon completion of the project the contractor shall furnish to KCSL a
27 sworn statement, on a form to be provided by the director of taxation, that
28 all purchases so made were entitled to exemption under this subsection.
29 All invoices shall be held by the contractor for a period of five years and
30 shall be subject to audit by the director of taxation. If any materials
31 purchased under such a certificate are found not to have been incorporated
32 in the building or other project or not to have been returned for credit or
33 the sales or compensating tax otherwise imposed upon such materials that
34 will not be so incorporated in the building or other project reported and
35 paid by such contractor to the director of taxation not later than the 20th
36 day of the month following the close of the month in which it shall be
37 determined that such materials will not be used for the purpose for which
38 such certificate was issued, KCSL shall be liable for tax on all materials
39 purchased for the project, and upon payment thereof it may recover the
40 same from the contractor together with reasonable attorney fees. Any
41 contractor or any agent, employee or subcontractor thereof, who shall use
42 or otherwise dispose of any materials purchased under such a certificate
43 for any purpose other than that for which such a certificate is issued

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

5 (vvv) all sales of tangible personal property or services, including the
6 renting and leasing of tangible personal property or services, purchased by
7 jazz in the woods, inc., a Kansas corporation that is exempt from federal
8 income taxation pursuant to section 501(c)(3) of the federal internal
9 revenue code, for the purpose of providing jazz in the woods, an event
10 benefiting children-in-need and other nonprofit charities assisting such
11 children, and all sales of any such property by or on behalf of such
12 organization for such purpose;

13 (www) all sales of tangible personal property purchased by or on
14 behalf of the Frontenac education foundation, which is exempt from
15 federal income taxation pursuant to section 501(c)(3) of the federal
16 internal revenue code, for the purpose of providing education support for
17 students, and all sales of any such property by or on behalf of such
18 organization for such purpose;

19 (xxx) all sales of personal property and services purchased by the
20 booth theatre foundation, inc., an organization, which is exempt from
21 federal income taxation pursuant to section 501(c)(3) of the federal
22 internal revenue code of 1986, and which such personal property and
23 services are used by any such organization in the constructing, equipping,
24 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
25 of the booth theatre, and all sales of tangible personal property or services
26 purchased by a contractor for the purpose of constructing, equipping,
27 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
28 the booth theatre for such organization, that would be exempt from
29 taxation under the provisions of this section if purchased directly by such
30 organization. Nothing in this subsection shall be deemed to exempt the
31 purchase of any construction machinery, equipment or tools used in the
32 constructing, equipping, reconstructing, maintaining, repairing, enlarging,
33 furnishing or remodeling facilities for any such organization. When any
34 such organization shall contract for the purpose of constructing, equipping,
35 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling
36 facilities, it shall obtain from the state and furnish to the contractor an
37 exemption certificate for the project involved, and the contractor may
38 purchase materials for incorporation in such project. The contractor shall
39 furnish the number of such certificate to all suppliers from whom such
40 purchases are made, and such suppliers shall execute invoices covering the
41 same bearing the number of such certificate. Upon completion of the
42 project the contractor shall furnish to such organization concerned a sworn
43 statement, on a form to be provided by the director of taxation, that all

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

32 (yyy) all sales of tangible personal property and services purchased
33 by TLC charities foundation, inc., hereinafter referred to as TLC charities,
34 which is exempt from federal income taxation pursuant to section 501(c)
35 (3) of the federal internal revenue code of 1986, and which such property
36 and services are used for the purpose of encouraging private philanthropy
37 to further the vision, values, and goals of TLC for children and families,
38 inc.; and all sales of such property and services by or on behalf of TLC
39 charities for any such purpose and all sales of tangible personal property or
40 services purchased by a contractor for the purpose of constructing,
41 maintaining, repairing, enlarging, furnishing or remodeling facilities for
42 the operation of services for TLC charities for any such purpose that would
43 be exempt from taxation under the provisions of this section if purchased

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

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

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

1 any such organization for any such purpose;

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

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

16 (dddd) all sales of tangible personal property or services purchased
17 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both
18 of which are exempt from federal income taxation pursuant to section
19 501(c)(3) of the federal internal revenue code, for the purpose of providing
20 education, training and employment opportunities for people with
21 disabilities and other barriers to employment;

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

29 (ffff) all sales of tangible personal property and services purchased by
30 sheltered living, inc., which is exempt from federal income taxation
31 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,
32 and which such property and services are used for the purpose of
33 providing residential and day services for people with developmental
34 disabilities or intellectual disability, or both, and all sales of any such
35 property by or on behalf of sheltered living, inc., for any such purpose; and
36 all sales of tangible personal property or services purchased by a
37 contractor for the purpose of rehabilitating, constructing, maintaining,
38 repairing, enlarging, furnishing or remodeling homes and facilities for
39 sheltered living, inc., for any such purpose that would be exempt from
40 taxation under the provisions of this section if purchased directly by
41 sheltered living, inc. Nothing in this subsection shall be deemed to exempt
42 the purchase of any construction machinery, equipment or tools used in the
43 constructing, maintaining, repairing, enlarging, furnishing or remodeling

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

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

34 (hhhh) all sales of tangible personal property or services purchased
35 on or after July 1, 2014, for the purpose of and in conjunction with
36 constructing, reconstructing, enlarging or remodeling a business identified
37 under the North American industry classification system (NAICS)
38 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and
39 installation of machinery and equipment purchased for installation at any
40 such business. The exemption provided in this subsection shall not apply
41 to projects that have actual total costs less than \$50,000. When a person
42 contracts for the construction, reconstruction, enlargement or remodeling
43 of any such business, such person shall obtain from the state and furnish to

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

19 (iii) all sales of tangible personal property or services purchased by a
20 contractor for the purpose of constructing, maintaining, repairing,
21 enlarging, furnishing or remodeling facilities for the operation of services
22 for Wichita children's home for any such purpose that would be exempt
23 from taxation under the provisions of this section if purchased directly by
24 Wichita children's home. Nothing in this subsection shall be deemed to
25 exempt the purchase of any construction machinery, equipment or tools
26 used in the constructing, maintaining, repairing, enlarging, furnishing or
27 remodeling such facilities for Wichita children's home. When Wichita
28 children's home contracts for the purpose of constructing, maintaining,
29 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain
30 from the state and furnish to the contractor an exemption certificate for the
31 project involved, and the contractor may purchase materials for
32 incorporation in such project. The contractor shall furnish the number of
33 such certificate to all suppliers from whom such purchases are made, and
34 such suppliers shall execute invoices covering the same bearing the
35 number of such certificate. Upon completion of the project, the contractor
36 shall furnish to Wichita children's home a sworn statement, on a form to be
37 provided by the director of taxation, that all purchases so made were
38 entitled to exemption under this subsection. All invoices shall be held by
39 the contractor for a period of five years and shall be subject to audit by the
40 director of taxation. If any materials purchased under such a certificate are
41 found not to have been incorporated in the building or other project or not
42 to have been returned for credit or the sales or compensating tax otherwise
43 imposed upon such materials that will not be so incorporated in the

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

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

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

26 (llll) all sales of tangible personal property and services purchased by
27 Gove county healthcare endowment foundation, inc., which is exempt
28 from federal income taxation pursuant to section 501(c)(3) of the federal
29 internal revenue code of 1986, and which such property and services are
30 used for the purpose of constructing and equipping an airport in Quinter,
31 Kansas, and all sales of tangible personal property or services purchased
32 by a contractor for the purpose of constructing and equipping an airport in
33 Quinter, Kansas, for such organization, that would be exempt from
34 taxation under the provisions of this section if purchased directly by such
35 organization. Nothing in this subsection shall be deemed to exempt the
36 purchase of any construction machinery, equipment or tools used in the
37 constructing or equipping of facilities for such organization. When such
38 organization shall contract for the purpose of constructing or equipping an
39 airport in Quinter, Kansas, it shall obtain from the state and furnish to the
40 contractor an exemption certificate for the project involved, and the
41 contractor may purchase materials for incorporation in such project. The
42 contractor shall furnish the number of such certificate to all suppliers from
43 whom such purchases are made, and such suppliers shall execute invoices

1 covering the same bearing the number of such certificate. Upon
2 completion of the project, the contractor shall furnish to such organization
3 concerned a sworn statement, on a form to be provided by the director of
4 taxation, that all purchases so made were entitled to exemption under this
5 subsection. All invoices shall be held by the contractor for a period of five
6 years and shall be subject to audit by the director of taxation. If any
7 materials purchased under such a certificate are found not to have been
8 incorporated in such facilities or not to have been returned for credit or the
9 sales or compensating tax otherwise imposed upon such materials that will
10 not be so incorporated in such facilities reported and paid by such
11 contractor to the director of taxation no later than the 20th day of the month
12 following the close of the month in which it shall be determined that such
13 materials will not be used for the purpose for which such certificate was
14 issued, such organization concerned shall be liable for tax on all materials
15 purchased for the project, and upon payment thereof it may recover the
16 same from the contractor together with reasonable attorney fees. Any
17 contractor or any agent, employee or subcontractor thereof, who purchased
18 under such a certificate for any purpose other than that for which such a
19 certificate is issued without the payment of the sales or compensating tax
20 otherwise imposed upon such materials, shall be guilty of a misdemeanor
21 and, upon conviction therefor, shall be subject to the penalties provided for
22 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this
23 subsection shall expire and have no effect on and after July 1, 2019;

24 (mmmm) all sales of gold or silver coins; and palladium, platinum,
25 gold or silver bullion. For the purposes of this subsection, "bullion" means
26 bars, ingots or commemorative medallions of gold, silver, platinum,
27 palladium, or a combination thereof, for which the value of the metal
28 depends on its content and not the form;

29 (nnnn) all sales of tangible personal property or services purchased
30 by friends of hospice of Jefferson county, an organization that is exempt
31 from federal income taxation pursuant to section 501(c)(3) of the federal
32 internal revenue code of 1986, for the purpose of providing support to the
33 Jefferson county hospice agency in end-of-life care of Jefferson county
34 families, friends and neighbors, and all sales of entry or participation fees,
35 charges or tickets by friends of hospice of Jefferson county for such
36 organization's fundraising event for such purpose; ~~and~~

37 (oooo) all sales of tangible personal property or services purchased
38 for the purpose of and in conjunction with constructing, reconstructing,
39 enlarging or remodeling a qualified business facility by a qualified firm or
40 qualified supplier that meets the requirements established in K.S.A. 2022
41 Supp. 74-50,312 and 74-50,319, and amendments thereto, and that has
42 been approved for a project exemption certificate by the secretary of
43 commerce, and the sale and installation of machinery and equipment

1 purchased by such qualified firm or qualified supplier for installation at
2 any such qualified business facility. When a person shall contract for the
3 construction, reconstruction, enlargement or remodeling of any such
4 qualified business facility, such person shall obtain from the state and
5 furnish to the contractor an exemption certificate for the project involved,
6 and the contractor may purchase materials, machinery and equipment for
7 incorporation in such project. The contractor shall furnish the number of
8 such certificates to all suppliers from whom such purchases are made, and
9 such suppliers shall execute invoices covering the same bearing the
10 number of such certificate. Upon completion of the project, the contractor
11 shall furnish to the owner of the qualified firm or qualified supplier a
12 sworn statement, on a form to be provided by the director of taxation, that
13 all purchases so made were entitled to exemption under this subsection.
14 All invoices shall be held by the contractor for a period of five years and
15 shall be subject to audit by the director of taxation. Any contractor or any
16 agent, employee or subcontractor thereof who shall use or otherwise
17 dispose of any materials, machinery or equipment purchased under such a
18 certificate for any purpose other than that for which such a certificate is
19 issued without the payment of the sales or compensating tax otherwise
20 imposed thereon, shall be guilty of a misdemeanor and, upon conviction
21 therefor, shall be subject to the penalties provided for in K.S.A. 79-
22 3615(h), and amendments thereto. As used in this subsection, "qualified
23 business facility," "qualified firm" and "qualified supplier" mean the same
24 as defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto; *and*
25 *(pppp) (1) (A) all sales of equipment, machinery, software, ancillary*
26 *components, appurtenances, accessories or other infrastructure purchased*
27 *for use in the provision of communications services; and*
28 *(B) all services purchased by a provider in the provision of the*
29 *communications service used in the repair, maintenance or installation in*
30 *such communications service.*
31 *(2) As used in this section:*
32 *(A) "Communications service" means internet access service,*
33 *telecommunications service, video service or any combination thereof.*
34 *(B) "Equipment, machinery, software, ancillary components,*
35 *appurtenances, accessories or other infrastructure" includes, but is not*
36 *limited to:*
37 *(i) Wires, cables, fiber, conduits, antennas, poles, switches, routers,*
38 *amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,*
39 *transmitters, circuit cards, insulating and protective materials and cases,*
40 *power equipment, backup power equipment, diagnostic equipment,*
41 *storage devices, modems, cable modem termination systems and servers;*
42 *(ii) other general central office or headend equipment, such as*
43 *channel cards, frames and cabinets;*

1 (iii) *equipment used in successor technologies, including items used*
2 *to monitor, test, maintain, enable or facilitate qualifying equipment,*
3 *machinery, software, ancillary components, appurtenances and*
4 *accessories; and*

5 (iv) *other infrastructure that is used in whole or in part to provide*
6 *communications services, including broadcasting, distributing, sending,*
7 *receiving, storing, transmitting, retransmitting, amplifying, switching,*
8 *providing connectivity for or routing communications services.*

9 (C) *"Internet access service" means the same as internet access as*
10 *defined in section 1105 of the internet tax freedom act amendments of*
11 *2007, public law 110-108.*

12 (D) *"Provider" means a person or entity that sells communications*
13 *service, including an affiliate or subsidiary.*

14 (E) *"Telecommunications service" means the same as defined in*
15 *K.S.A. 79-3602, and amendments thereto.*

16 (F) *"Video service" means the same as defined in K.S.A. 12-2022,*
17 *and amendments thereto.*

18 **{(3) The provisions of this subsection shall expire and have no**
19 **effect on and after July 1, 2028.}**

20 Sec. ~~2~~. 4. *K.S.A. 12-199 and K.S.A. 2022 Supp. 79-3606* ~~is~~ *are*
21 hereby repealed.

22 Sec. ~~3~~. 5. This act shall take effect and be in force from and after its
23 publication in the statute book.