

SENATE BILL No. 347

By Committee on Commerce

1-18

1 AN ACT concerning economic development; enacting the attracting  
2 powerful economic expansion act; relating to tax and other incentives  
3 for projects in specified industries or for a national corporate  
4 headquarters with specified capital investment requirements of at least  
5 \$1,000,000,000; providing for a refundable **an** income, privilege and  
6 premium tax credit for a portion of such investment; reimbursement of  
7 certain payroll costs and training and education costs; retention of  
8 certain payroll withholding taxes; sales tax exemption for project  
9 construction and a property tax incentive for certain projects located in  
10 a foreign trade zone; **adjusting the income tax on corporations by**  
11 **reducing the rate by 0.5% after any fiscal year that incentives under**  
12 **this act are received by a business**; establishing the attracting powerful  
13 economic expansion payroll incentive fund and the attracting powerful  
14 economic expansion new employee training and education fund;  
15 amending **K.S.A. 79-32,110 and** K.S.A. 2021 Supp. 79-3606 and  
16 repealing the existing ~~section~~ **sections**.

17  
18 *Be it enacted by the Legislature of the State of Kansas:*

19 New Section 1. (a) This act shall be known and may be cited as the  
20 attracting powerful economic expansion act.

21 (b) For purposes of the attracting powerful economic expansion act:

22 (1) "Act" means the attracting powerful economic expansion act,  
23 sections 1 through ~~11~~ **12**, and amendments thereto.

24 (2) "Applicant" means a legal entity seeking to certify as a qualified  
25 firm for the economic development benefits pursuant to this act.

26 (3) "Commence investment" means to begin to invest, with action  
27 being directly connected to documentation describing the project  
28 previously submitted to the department.

29 (4) "Commencement of commercial operations" means the date, as  
30 determined by the secretary, that the qualified business facility is first  
31 available for use by the qualified firm, or first capable of being used by the  
32 qualified firm, in the revenue producing enterprise in which the qualified  
33 firm intends to use the qualified business facility.

34 (5) "Commitment to invest" means one or both of the following:

1 (A) The qualified firm relocates assets that it already owns to Kansas  
2 from an out-of-state location; or

3 (B) the qualified firm enters into a written agreement that provides  
4 either party with legally enforceable remedies if the agreement is  
5 breached.

6 ~~(5)~~(6) "Department" means the Kansas department of commerce.

7 ~~(6)~~(7) *"Foreign trade zone" means the same as provided in the*  
8 *foreign-trade zones act of 1934, 19 U.S.C. 81a et seq.*

9 (8) "Headquarters" means a qualified business facility that meets the  
10 following conditions:

11 (A) The main activity at the qualified business facility is providing  
12 direction, management, or administrative support for the operation of  
13 multiple company-owned worksites or facilities in which the applicant  
14 company has an ownership interest greater than 50%; and

15 (B) the qualified business facility is capable of being geographically  
16 located anywhere.

17 ~~(7)~~(8){(9)} "New employee" means a qualified business facility  
18 employee who is newly employed by the qualified firm or qualified  
19 supplier in the qualified firm or qualified supplier's business operating in  
20 Kansas during the taxable year for which benefits are sought. Qualified  
21 business facility employees performing functions directly related to a  
22 relocating, expanding, or new business facility, office, department or other  
23 operation shall be considered "new employees."

24 ~~(8)~~(9){(10)} "On-the-job training" means training situations during  
25 which a product or service that can be sold or used in internal operations is  
26 generated.

27 ~~(9)~~(10){(11)} "Qualified business facility" means a facility as defined  
28 in subparagraph (C) that satisfies the requirements of subparagraphs (A)  
29 and (B):

30 (A) Such facility is for use by the qualified firm in the operation of a  
31 revenue producing enterprise, as defined in this section. Such facility shall  
32 not be considered a "qualified business facility" in the hands of the  
33 qualified firm if the qualified firm's only activity with respect to such  
34 facility is to lease it to another person or persons. If the qualified firm  
35 employs only a portion of such facility in the operation of a revenue  
36 producing enterprise, and leases another portion of such facility to another  
37 person or persons or does not otherwise use such other portions in the  
38 operation of a revenue producing enterprise, the portion employed by the  
39 qualified firm in the operation of a revenue producing enterprise shall be  
40 considered a "qualified business facility," if the requirements of  
41 subparagraph (B) are satisfied.

42 (B) If such facility was acquired or leased by the qualified firm from  
43 another person or persons, the facility was not used, either immediately

1 prior to the transfer of title to the qualified firm, or to the commencement  
2 of the term of the lease to the qualified firm, by any other person or  
3 persons in the operation of a revenue producing enterprise that is the same  
4 or substantially the same as the revenue producing enterprise continued by  
5 the qualified firm at the facility.

6 (C) "Facility" means any factory, mill, plant, refinery, warehouse,  
7 building or complex of buildings located within the state, including the  
8 land on which such facility is located and all machinery, equipment and  
9 other real and tangible personal property located at or within such facility  
10 used in connection with the operation of such facility. "Building" means  
11 only structures within which individuals are customarily employed or that  
12 are customarily used to house machinery, equipment or other property.

13 ~~(H)~~~~(I)~~~~(12)~~ (A) "Qualified business facility employee" means a  
14 person employed in Kansas by a qualified firm in the operation of a  
15 qualified business facility or by a qualified supplier in the qualified  
16 supplier's business operating in Kansas during the taxable year for which  
17 the benefits allowed by this act are claimed. Such person shall be deemed  
18 to be so employed if such person performs duties in Kansas in connection  
19 with the operation of the qualified business facility by a qualified firm or  
20 the business operating in Kansas of the qualified supplier on a:

- 21 (i) Regular, full-time basis;
- 22 (ii) part-time basis, provided such person is customarily performing  
23 such duties at least 20 hours per week throughout the taxable year; or
- 24 (iii) seasonal basis, provided such person performs such duties for  
25 substantially all of the season customary for the position in which such  
26 person is employed.

27 (B) "Qualified business facility employee" does not include an  
28 independent contractor.

29 ~~(H)~~~~(I)~~~~(12)~~~~(13)~~ "Qualified business facility investment" or "qualified  
30 investment" means the value of the real and tangible personal property,  
31 except inventory or property held for sale to customers in the ordinary  
32 course of the qualified firm's business, that constitutes the qualified  
33 business facility, or that is used by the qualified firm in the operation of the  
34 qualified business facility, including such property used for administrative  
35 or managerial functions, during the taxable years for which the credit  
36 allowed by sections 2 and 3, and amendments thereto, is claimed. The  
37 value of such property during such taxable year shall be:

- 38 (A) Such property's original cost if owned by the qualified firm; or
- 39 (B) eight times the net annual rental rate, if leased by the qualified  
40 firm. The net annual rental rate shall be the annual rental rate paid by the  
41 qualified firm less any annual rental rate received by the qualified firm  
42 from subrentals. The "qualified business facility investment" shall be  
43 determined by dividing by 12 the sum of the total value of such property

1 on the last business day of each calendar month of the taxable year.  
 2 Notwithstanding the provisions of this paragraph, for the purpose of  
 3 computing the credit allowed by section 3, and amendments thereto, in the  
 4 case of a "qualified business facility investment" in a qualified business  
 5 facility that existed and was operated by the qualified firm or a related  
 6 taxpayer prior to the investment, the amount of the qualified firm's  
 7 investment shall be computed as follows: Such investment amount shall be  
 8 reduced by the average amount, computed as provided in this paragraph,  
 9 of the investment of the qualified firm or a related taxpayer in the facility  
 10 for the taxable year preceding the taxable year in which the "qualified  
 11 business facility investment" was made in the facility.

12 ~~(12)(13)~~~~(14)~~ (A) "Qualified firm" means a for-profit business  
 13 establishment, subject to state income, sales or property taxes, that is:

14 (i) Engaged in one or more of the following industries, as defined by  
 15 the secretary of commerce:

- 16 (a) Advanced manufacturing;
- 17 (b) aerospace;
- 18 (c) distribution, logistics and transportation;
- 19 (d) food and agriculture; or
- 20 (e) professional and technical services; or

21 (ii) engaged in any industry or revenue-producing activity if seeking  
 22 benefits with respect to a qualified business facility that is the national  
 23 corporate headquarters of the for-profit business establishment.

24 (B) Notwithstanding clauses (i) and (ii), "qualified firm" does not  
 25 include a business establishment engaged in mining, swine production,  
 26 ranching or gaming.

27 ~~(13)(14)~~~~(15)~~ "Qualified supplier" means any business that:

28 ~~(A) Is located in Kansas;~~

29 ~~(B) is a supplier of components, sub-assemblies, chemicals or other  
 30 process-related tangible goods;~~

31 ~~(C) is owned by an individual, any partnership, association, limited  
 32 liability corporation or corporation domiciled in Kansas, or any  
 33 corporation, even if a wholly owned subsidiary of a foreign corporation;  
 34 and~~

35 ~~(D) does business primarily in Kansas or does substantially all of  
 36 such business production in Kansas *is a supplier of components, sub-  
 37 assemblies, chemicals or other process-related tangible goods and that  
 38 is owned by:*~~

39 ~~(A) An individual, any partnership, association, limited liability  
 40 corporation or corporation domiciled in Kansas; or~~

41 ~~(B) any business, including any business owned by an individual,  
 42 any partnership, association, limited liability corporation or corporation,  
 43 even if the business is a wholly owned subsidiary of a foreign~~

1 *corporation, that operates in the state of Kansas for the purpose of*  
2 *supplying a qualified firm}.*

3 ~~(4)(5)(16)}~~ "Revenue producing enterprise" means an enterprise  
4 that creates revenue subject to potential tax liability in this state.

5 ~~(5)(16)(17)}~~ "Secretary" means the secretary of commerce.

6 ~~(6)(17)(18)}~~ (A) "Total payroll cost" means the payroll amount  
7 defined by the Kansas department of labor as total wages on the quarterly  
8 wage report and unemployment tax return. For a qualified business  
9 facility, "total payroll cost" during the appropriate measurement period  
10 may be combined with any pretax earnings in which an employee has  
11 elected to direct to a:

12 (i) Flexible-spending plan;

13 (ii) deferred compensation plan; or

14 (iii) retirement plan that includes earnings the employee would  
15 otherwise have received in the form of taxable wages had it not been for  
16 the voluntary deferral.

17 (B) "Total payroll cost" does not include company-paid costs for  
18 health insurance, dental insurance and any other employee benefits that are  
19 not reported to the Kansas department of labor on the employer's quarterly  
20 wage report.

21 ~~(7)(18)(19)}~~ "Training and education eligible expense" means the  
22 amount actually paid for training and education of the group of employees,  
23 or portion thereof, and from which the qualified firm or qualified supplier  
24 expects to derive increased productivity or quality.

25 (A) "Training and education eligible expense" includes instructor  
26 salaries, curriculum planning and development, travel, materials and  
27 supplies, textbooks, manuals, minor training equipment, certain training  
28 facility costs and any other expenditure that is eligible under the Kansas  
29 industrial training or the Kansas industrial retraining programs.

30 (B) "Training and education eligible expense" may include, subject to  
31 maximum limits determined by the secretary:

32 (i) Wages of employees during eligible training;

33 (ii) employee instructors' salaries; and

34 (iii) training-related travel expenses, with a maximum meals  
35 allowance of \$120 per day and lodging costs of \$300 per night.

36 (C) "Training and education eligible expense" does not include:

37 (i) Compensation paid to an employee trainee who is receiving on-  
38 the-job training;

39 (ii) compensation paid to an employee during self-training, except for  
40 time in which the employee is involved in activities related to an approved  
41 computerized course of study;

42 (iii) bonus pay received as compensation related to the company's  
43 financial performance or the employee's job performance, or both;

1 (iv) overtime pay, unless the employee is being paid at an overtime  
2 rate while participating in eligible training;

3 (v) operations manuals and reference manuals, except that  
4 training-specific manuals may be allowable; and

5 (vi) training and education costs covered by monies or grants  
6 obtained from state, federal or other government-sponsored workforce  
7 training programs.

8 New Sec. 2. (a) There is hereby established the attracting powerful  
9 economic expansion program to be administered by the secretary of  
10 commerce. The purpose of the attracting powerful economic expansion  
11 program is to attract large capital investments by businesses engaged in  
12 specified industries in new business facilities and operations in Kansas, or  
13 large capital investments in new national headquarters in Kansas by any  
14 business, and to encourage the development of a Kansas-based supply  
15 chain for such large enterprises.

16 (b) A qualified firm that makes a qualified business investment of at  
17 least \$1,000,000,000 in a qualified business facility pursuant to the  
18 requirements of this act may be eligible for the following incentives as  
19 approved by the secretary:

20 (1) The investment tax credit pursuant to section 3, and amendments  
21 thereto;

22 (2) reimbursement of a percentage of total payroll, pursuant to  
23 sections 5 and 6, and amendments thereto;

24 (3) reimbursement of any eligible employee training and education  
25 expense pursuant to sections 7 and 8, and amendments thereto;

26 (4) a partial real property tax exemption for qualified business  
27 facilities that are manufacturing facilities or headquarters located in  
28 foreign trade zones pursuant to section 9, and amendments thereto; and

29 (5) a sales tax exemption for construction costs of the qualified  
30 business facility pursuant to K.S.A. 79-3606, and amendments thereto, and  
31 section 10, and amendments thereto.

32 (c) To be eligible to receive an incentive listed in subsection (b), a  
33 qualified firm shall meet the requirements of this act, including any  
34 requirements or provisions specific to each such incentive, and any rules  
35 and regulations of the secretary pursuant to this act and shall:

36 (1) Submit an application to the secretary in the form and manner  
37 prescribed by the secretary and including all information as required by the  
38 secretary;

39 (2) if requested by the secretary, prior to making a commitment to  
40 invest in a qualified business facility, submit a certificate of intent to invest  
41 in the qualified business facility to the secretary in the form and manner  
42 required by the secretary, including, if requested by the secretary, a date  
43 investment will commence;

1 (3) commit to a qualified business investment of at least  
2 \$1,000,000,000 in the qualified business facility to be completed within  
3 five years of the commitment to invest on such date specified in the  
4 agreement pursuant to paragraph (5);

5 (4) complete the project and commence commercial operations within  
6 five years of either the commitment to invest or the date of the agreement  
7 with the secretary made pursuant to this section, as designated by the  
8 secretary and on such date as specified in the agreement pursuant to  
9 paragraph (5);

10 (5) if the application is approved by the secretary, enter into a binding  
11 agreement with the secretary with such terms and conditions as required  
12 by the secretary and including the commitments required by this act. The  
13 agreement shall be entered into before any benefits may be provided under  
14 this act;

15 (6) obtain and submit a bond to the secretary if required as follows:  
16 The secretary shall determine a minimum investment grade rating  
17 requirement for each project of a qualified firm seeking benefits under this  
18 act. In determining the minimum investment grade rating, the secretary  
19 shall consider the aspects of the qualified firm and the qualified business  
20 facility or project and shall consult ratings from three nationally  
21 recognized rating agencies selected by the secretary that provide  
22 investment grade ratings. A qualifying firm or qualifying business facility  
23 that does not meet the minimum investment grade rating determined by the  
24 secretary shall obtain and submit a bond in an amount, as determined by  
25 the secretary, of the costs associated with the primary construction of the  
26 building or buildings of the qualified business facility to a degree of  
27 completion specified by the secretary. The bond shall be paid to the state  
28 if, in the judgment of the secretary, the qualified business facility has not  
29 been constructed to the degree specified; and

30 (7) commit to repayment~~{, at the direction of the secretary of~~  
31 *commerce,*~~}~~ of the amount of all *{unearned}* benefits received under this  
32 act exceeding payment of the bond submitted pursuant to paragraph (6), in  
33 the event that the ~~requirements of this act, rules and regulations of the~~  
34 ~~secretary pursuant to this act or the terms and conditions of the agreement~~  
35 ~~pursuant to paragraph (5) are not met~~ *{qualified firm does not make a*  
36 *qualified business investment of at least \$1,000,000,000}*.

37 (d) A qualified supplier, that meets the requirements of paragraphs (1)  
38 and (2), as determined by the secretary, may be eligible for the incentives  
39 listed in subsection (b)(1), (3), (4) or (5) or a partial retention of payroll  
40 withholding taxes for employees as provided by section 4, and  
41 amendments thereto, upon designation by a qualified firm as eligible for  
42 incentives pursuant to paragraph (1). No benefits under sections 4 or 7  
43 shall be awarded to the qualified supplier until the commencement of such

1 qualified firm's operations at the qualified business facility, as determined  
2 by the secretary. If the qualified business facility fails to commence  
3 operations as required by subsection (c)(4), all incentives that may have  
4 been awarded to the qualified supplier under this act shall be forfeited and  
5 the qualified supplier shall cease to be eligible for further benefits until the  
6 requirements of this act are met with respect to the same qualified firm that  
7 has entered into a new agreement with the secretary or a different qualified  
8 firm. To be eligible to receive benefits, a qualified supplier shall meet the  
9 requirements of this act, including any requirements or provisions specific  
10 to each such incentive, and any rules and regulations of the secretary  
11 pursuant to this act and shall:

12 (1) Be selected by the qualified firm as a qualified supplier eligible to  
13 receive incentives under this act and identified to the secretary of  
14 commerce. Not more than five qualified suppliers may be selected by any  
15 one qualified firm. Such selection shall be effective for a period of five  
16 years or the time period that an incentive under this act has been approved  
17 for the qualified supplier by the secretary. The secretary may specify a  
18 lesser period;

19 (2) within each period of one year for which incentives may be  
20 earned, beginning with the year in which the qualified supplier was  
21 designated as eligible for benefits by the qualified firm, have made sales,  
22 as defined by the secretary, of more than \$10,000,000 to the qualified  
23 business facility. This requirement may be waived by the secretary upon a  
24 showing of exceptional circumstances;

25 (3) submit an application to the secretary, in the form and manner as  
26 designated by the secretary, and provide all information requested by the  
27 secretary, including, but not limited to, evidence establishing sales of more  
28 than \$10,000,000 to the qualified firm for the qualified business facility as  
29 required by paragraph (2). The qualified firm shall submit evidence to the  
30 secretary as requested regarding the date operations at the qualified  
31 business facility commenced and the sales to the qualified business facility  
32 by the qualified supplier;

33 (4) if the application is approved by the secretary, enter into a binding  
34 agreement with the secretary with such terms and conditions as required  
35 by the secretary and the commitments required by this act, including, but  
36 not limited to, providing the secretary with evidence showing the amount  
37 of sales to the qualified firm for each year that an incentive is claimed. The  
38 agreement shall be entered into before any benefits may be provided under  
39 this act; and

40 (5) if the qualified supplier meets the requirements for the investment  
41 tax credit pursuant to section 3, and amendments thereto, commit to  
42 repayment of the amount of all benefits received under this act in the event  
43 the requirements of this act, any rules and regulations of the secretary



1 pursuant to this act or the terms and conditions of the agreement pursuant  
2 to paragraph (4) are not met and the qualified supplier is disallowed in  
3 whole or in part by the secretary.

4 (e) A qualified firm or qualified supplier that is approved by the  
5 secretary for incentives under this act shall not be eligible for participation  
6 in *{any other economic development program or fund administered by*  
7 *the secretary of commerce, including, but not limited to, the STAR bond*  
8 *program,}* the promoting employment across Kansas program, the high  
9 performance incentive program or the Kansas industrial training or Kansas  
10 industrial retraining programs.

11 (f) As a condition of receiving an incentive under this act, a qualified  
12 firm or qualified supplier shall agree to cooperate with any audit  
13 undertaken by the secretary of revenue as provided by subsection (h) and  
14 to provide the secretary of commerce:

15 (1) Information required for publication in the economic development  
16 incentive program information database pursuant to K.S.A. 2021 Supp. 74-  
17 50,226, and amendments thereto;

18 (2) information reasonably required for the secretary's report pursuant  
19 to section-9 *II*, and amendments thereto;

20 (3) information required by the secretary of commerce or the  
21 secretary of revenue pursuant to subsections (g) and (h); and

22 (4) reasonable access by the secretary or the secretary's agents to the  
23 qualified business facility during business hours.

24 (g) (1) The secretary shall conduct an annual review of the activities  
25 undertaken by a qualified firm or qualified supplier to ensure that the  
26 qualified firm or qualified supplier remains in good standing with the state  
27 and in compliance with the provisions of this act, any rules and regulations  
28 adopted by the secretary with respect to this act and any agreement entered  
29 into pursuant to this act and continues to meet the requirements for the  
30 benefits provided under this act. The secretary of commerce shall certify  
31 annually to the secretary of revenue that the qualified firm meets the  
32 criteria for designation as a qualified firm and is eligible for such benefits.  
33 The secretary of commerce may obtain any and all information reasonably  
34 necessary to determine such eligibility. Such information shall be  
35 confidential to the same extent as information provided to the secretary to  
36 determine eligibility pursuant to K.S.A. 74-50,131, and amendments  
37 thereto.

38 (2) Confidential financial information, any trade secret or other  
39 information that, if known, would place the qualified firm at a  
40 disadvantage in the marketplace or would significantly interfere with the  
41 purposes of this act in the judgment of the secretary that is obtained under  
42 this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et  
43 seq., and amendments thereto, but shall upon request be made available to

1 the legislative post audit division. The provisions of this paragraph shall  
2 expire on July 1, 2027, unless the legislature reviews and reenacts such  
3 provisions pursuant to K.S.A. 45-229, and amendments thereto, prior to  
4 July 1, 2027.

5 (h) The books and records concerning investments made, sales,  
6 employment and wages of any employees for which the qualified firm,  
7 qualified supplier or third party has retained any Kansas payroll  
8 withholding taxes or any other financial, employee or other records that  
9 pertain to eligibility for benefits or compliance with the requirements of  
10 this act shall be available for inspection by the secretary or the secretary's  
11 duly authorized agents or employees during business hours on at least 10  
12 days' prior written notice. The secretary may request the department of  
13 revenue to audit the qualified firm or qualified supplier, or a third party if  
14 applicable, for compliance with the provisions of this act.

15 (i) The secretary of revenue, in consultation with the secretary of  
16 commerce, shall develop a form that shall be completed annually by any  
17 qualified firm or qualified supplier that received any tax benefit pursuant  
18 to this section and section 3 or 4, and amendments thereto. Such form shall  
19 request, at a minimum, the information required by K.S.A. 79-32,243(a)(1)  
20 through (a)(6), and amendments thereto, and such other information as  
21 shall reasonably be required by the secretary of revenue and the secretary  
22 of commerce. The contents of the completed form shall be confidential  
23 except as provided in K.S.A. 79-3234, and amendments thereto.

24 (j) The secretary of commerce or the secretary of revenue may adopt  
25 rules and regulations for the implementation of this act.

26 New Sec. 3. (a) For taxable years commencing after December 31,  
27 2021, a qualified firm or qualified supplier that makes a qualified business  
28 investment in a qualified business facility and meets the requirements of  
29 section 2, and amendments thereto, and of this section shall be allowed a  
30 credit for such investment as provided by this section against the tax  
31 imposed by the Kansas income tax act, the premium tax or privilege fees  
32 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the  
33 privilege tax as measured by the net income of financial institutions  
34 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes  
35 Annotated, and amendments thereto. The credit shall be earned by the  
36 taxpayer each taxable year based on the amount of the qualified  
37 investment made in that taxable year as further provided in this section.  
38 The amount of the credit that is earned each taxable year shall not be  
39 claimed by the taxpayer in the taxable year that such credit is earned but  
40 shall be divided into three equal portions or installments. In the case of a  
41 qualified firm, a  $\frac{1}{3}$  portion or installment shall be claimed by the qualified  
42 firm commencing with the taxable year after the credit is earned and a  
43 second and third such portion or installment, respectively, shall be claimed

1 in each of the next successive two taxable years. In the case of a qualified  
2 supplier, a  $\frac{1}{3}$  portion or installment shall first be claimed commencing  
3 with the taxable year that the qualified firm that selected the qualified  
4 supplier as eligible for benefits under this act substantially completes the  
5 qualified business facility, as determined by the secretary.

6 (b) The amount of the tax credit earned in a taxable year shall be up  
7 to 15%, at the discretion of the secretary, of the amount of the qualified  
8 investment that is invested during such taxable year. In determining such  
9 percentage, the secretary shall consider factors including the extent of  
10 prospective new employment, the quality of new jobs and wage or salary  
11 levels, the total amount of investment, the potential for development of the  
12 industry in this state and the potential for ancillary industry development  
13 and indirect economic development. *The secretary shall also consider*  
14 *factors pursuant to subsection (d).* Such percentage shall be set forth in  
15 the agreement pursuant to section 2, and amendments thereto. The total  
16 qualified investment shall be completed within five taxable years  
17 commencing from the date of such agreement. In the case of a qualified  
18 firm, the total amount of the qualified investment shall be at least  
19 \$1,000,000,000. The qualified firm or qualified supplier shall repay to the  
20 state all tax credits received if the total qualified investment is not  
21 completed.

22 ~~(c) The secretary of commerce shall set forth in the agreement~~  
23 ~~pursuant to section 2, and amendments thereto, a percentage of the earned~~  
24 ~~tax credit that may be refundable when claimed, as provided in subsection~~  
25 ~~(a). The percentage shall be determined as provided in subsection (d).~~  
26 ~~Such percentage of a tax credit installment may be refundable to such~~  
27 ~~taxpayer if the amount of the installment claimed for that taxable year~~  
28 ~~exceeds the taxpayer's tax liability for such year. The secretary shall set~~  
29 ~~forth in the agreement any additional provisions, if necessary, regarding~~  
30 ~~disposition of the earned tax credits. No earned tax credit shall be~~  
31 ~~refundable after the three successive taxable years period that a portion or~~  
32 ~~installment of such credit may be claimed. An installment portion of an~~  
33 ~~earned tax credit that is not refunded~~ **remaining after such installment**  
34 **has been applied against the taxpayer's tax liability** shall be carried  
35 forward for application ~~first~~ against the taxpayer's tax liability in the next  
36 successive tax year ~~or for refund, as the case may be,~~ within the three  
37 taxable year period **of time that the earned tax credit may be claimed.** An  
38 ~~installment portion of an earned tax credit that has not been applied against~~  
39 ~~the taxpayer's tax liability or refunded~~ at the end of the third successive  
40 taxable year period that installment portions of such earned tax credit may  
41 be claimed shall be forfeited. **An earned tax credit, or any portion**  
42 **thereof, shall not be refundable.**

43 (d) The base percentage that may be refundable in each taxable year

1 of the <sup>+</sup>~~1/3~~ portion of an earned tax credit that may be claimed, as provided  
2 by subsection (a), shall be 50%. The secretary may provide for an  
3 additional percentage that may be refundable up to 100% of the total  
4 eligible earned credit. ***In addition to the factors set forth in subsection***  
5 ***(b),*** the secretary shall base the ~~additional~~ ***determination of the***  
6 ***percentage of the tax credit that may be earned by the taxpayer in a***  
7 ***taxable year*** on the qualified firm or qualified supplier meeting specified  
8 goals that shall be set forth in the agreement. Such goals shall include  
9 targets for the:

- 10 (1) Creation of new jobs, including new jobs for suppliers;
- 11 (2) benefit to the local, regional or state economy, including the  
12 development of suppliers in Kansas;
- 13 (3) amount of capital investment;
- 14 (4) benefit to the development of the qualified firm's industry in  
15 Kansas; or
- 16 (5) other measures or goals, if any, of the secretary consistent with the  
17 purposes of this act.

18 (e) The qualified firm or qualified supplier shall meet the  
19 requirements of this act, any rules and regulations of the secretary of  
20 commerce under this act and the terms of the agreement to receive a credit  
21 each year that a credit is earned or an installment portion of the earned  
22 credit is claimed. No credit shall be issued by the secretary of revenue  
23 unless the qualified firm or qualified supplier has been certified by the  
24 secretary of commerce as eligible as provided by section 2, and  
25 amendments thereto, for each taxable year the credit is claimed. The  
26 secretary of commerce shall provide such certifications to the secretary of  
27 revenue.

28 (f) In the event the tax credit awarded to the qualified firm or  
29 qualified supplier is later disallowed in whole or in part by the secretary of  
30 commerce or the secretary of revenue, the qualified firm or qualified  
31 supplier shall be liable for repayment to the state of the amount disallowed  
32 as provided by section 2, and amendments thereto.

33 (g) As a condition for claiming credits pursuant to this section, any  
34 qualified firm or qualified supplier shall provide information pursuant to  
35 K.S.A. 79-32,243, and amendments thereto, as part of the tax return in  
36 which such credits are claimed. Such credits shall not be denied solely on  
37 the basis of the contents of the information provided by the qualified firm  
38 pursuant to K.S.A. 79-32,243, and amendments thereto.

39 New Sec. 4. (a) For taxable years commencing after December 31,  
40 2021, a qualified supplier that meets the requirements of section 2, and  
41 amendments thereto, and this section may be eligible to retain up to 65%,  
42 as determined by the secretary, of the qualified supplier's Kansas payroll  
43 withholding taxes under the Kansas withholding and declaration of

1 estimated tax act for the qualified supplier's employees in a taxable year  
2 that such requirements are met. This benefit shall be available for a period  
3 of up to 10 successive taxable years. In determining the percentage and  
4 number of successive years, the secretary shall, at a minimum, consider  
5 the factors set forth in sections 3(b) and (d), and amendments thereto, as  
6 applicable. Qualified suppliers that have been selected by a qualified firm  
7 for benefit eligibility, and that meet the sales amount requirement, as  
8 provided by section 2, and amendments thereto, may be eligible to earn  
9 benefits of this section prior to the qualified firm's commencement of  
10 commercial operations at the qualified business facility. Any benefits shall  
11 only be awarded after the qualified firm that has selected the qualified  
12 supplier for benefit eligibility commences commercial operations.

13 (b) For purposes of the benefit under this section, a qualified supplier  
14 may utilize or contract with a third-party employer to perform services  
15 whereby the third-party employer:

16 (1) Serves as the legal employer of the qualified supplier's employees  
17 providing services to the qualified supplier;

18 (2) performs such services in Kansas; and

19 (3) is subject to, and the qualified supplier's employees are subject to,  
20 the Kansas withholding and declaration of estimated tax act.

21 (c) The qualified supplier shall submit an application to the secretary  
22 of commerce in the form and manner required by the secretary and provide  
23 all information requested by the secretary. If approved by the secretary,  
24 the qualified supplier shall enter into an agreement with the secretary, as  
25 required pursuant to section 2, and amendments thereto, with such terms  
26 and conditions as may be required by the secretary. In addition, the  
27 agreement shall set forth the percentage of payroll withholding taxes to be  
28 retained each year and any requirements or performance targets to receive  
29 such benefits, as determined by the secretary. If necessary, the secretary  
30 may also enter into an agreement with any third party described in  
31 subsection (b), or such third party may be a party to an agreement between  
32 the qualified supplier and the secretary.

33 (d) The agreement between the secretary of commerce and the  
34 qualified supplier shall specify that, if the qualified supplier fails to  
35 comply with the terms and conditions set forth in the agreement or fails to  
36 comply with the provisions set forth in this act, the secretary may  
37 terminate the agreement. If such agreement is terminated, the qualified  
38 supplier shall not be entitled to any further benefits provided under this  
39 section and shall be required to remit to the state an amount equal to the  
40 aggregate Kansas payroll withholding taxes retained by the qualified  
41 supplier, or remitted to the qualified supplier by a third party, pursuant to  
42 this act as of the date the agreement is terminated.

43 (e) For each year that the agreement is in effect, the secretary of

1 commerce shall certify to the secretary of revenue:

2 (1) That the qualified supplier is eligible to receive benefits under this  
3 act and the terms of the agreement;

4 (2) the number of employees;

5 (3) the amount of gross wages being paid to each such employee; and

6 (4) the percentage of payroll withholding taxes to be retained by the  
7 qualified supplier.

8 (f) Any qualified supplier that has entered into an agreement with the  
9 secretary of commerce pursuant to this section and section 2, and  
10 amendments thereto, and is eligible to receive benefits pursuant to this  
11 section, shall complete and submit to the department of revenue the  
12 amount of Kansas payroll withholding tax being retained by the qualified  
13 supplier in the form and manner prescribed by the director of taxation.

14 (g) The secretary of revenue and the secretary of commerce shall  
15 cooperate to develop and coordinate procedures to implement the  
16 provisions of this act.

17 New Sec. 5. (a) On and after July 1, 2022, a qualified firm that meets  
18 the requirements of section 2, and amendments thereto, and this section  
19 may be eligible for partial reimbursement of total payroll costs paid to  
20 qualified business facility employees during a taxable year, as approved by  
21 the secretary of commerce.

22 (b) As determined by the secretary a qualified firm shall be eligible  
23 for such reimbursement commencing on the date the qualified firm:

24 (1) Enters into an agreement with the secretary as provided in section  
25 2, and amendments thereto;

26 (2) commences construction of the qualified business facility; or

27 (3) commences commercial operations at the qualified business  
28 facility.

29 (c) The amount of the reimbursement each year shall be up to 10%, as  
30 allowed by the secretary, of the total payroll costs for that year, as  
31 determined by the secretary. The secretary may grant such reimbursement  
32 for up to 10 successive years. In determining the percentage and number of  
33 successive years, the secretary shall, at a minimum, consider the factors set  
34 forth in sections 3(b) and (d), and amendments thereto, as applicable.

35 (d) To be eligible for the reimbursement, the qualified firm shall  
36 submit an application to the secretary in the form and manner required by  
37 the secretary and provide all information requested by the secretary. If  
38 approved by the secretary, the qualified firm shall enter into an agreement  
39 with the secretary with such terms and conditions as required by the  
40 secretary and this section.

41 (e) No claim for a reimbursement shall be paid unless the:

42 (1) Qualified firm has met all requirements of section 2, and  
43 amendments thereto, including entering into an agreement with the

1 secretary of commerce that includes a commitment to make a qualified  
2 investment in the qualified business facility of at least \$1,000,000,000  
3 within a period of five taxable years;

4 (2) secretary of commerce has certified, for each year for which a  
5 reimbursement is claimed, that the qualified firm meets all requirements of  
6 this act, rules and regulations of the secretary, if any, and the agreement  
7 entered into pursuant to section 2, and amendments thereto, and this  
8 section; and

9 (3) qualified firm has filed a claim with the secretary of commerce in  
10 the form and manner required by the secretary and including evidence as  
11 required by the secretary showing the amount of total payroll costs for the  
12 year the reimbursement is claimed.

13 (f) Subject to appropriations therefor, the allowable amount of such  
14 claim as determined by the secretary shall be paid to the qualified firm  
15 from the attracting powerful economic expansion payroll incentive fund,  
16 established by section 6, and amendments thereto, upon warrants of the  
17 director of accounts and reports pursuant to vouchers approved by the  
18 secretary or by any person designated by the secretary. No interest shall be  
19 allowed on any payment made to a qualified firm pursuant to this section.

20 New Sec. 6. There is hereby established in the state treasury the  
21 attracting powerful economic expansion payroll incentive fund to be  
22 administered by the secretary of commerce. All moneys credited to the  
23 attracting powerful economic expansion payroll incentive fund shall be  
24 used by the Kansas department of commerce only for purposes related to  
25 partial reimbursement of qualified firms for total payroll costs pursuant to  
26 the provisions of sections 2 and 5, and amendments thereto. All  
27 expenditures from the attracting powerful economic expansion payroll  
28 incentive fund shall be made in accordance with appropriation acts upon  
29 warrants of the director of accounts and reports issued pursuant to  
30 vouchers approved by the secretary of commerce or the secretary's  
31 designee.

32 New Sec. 7. (a) On and after July 1, 2022, a qualified firm or a  
33 qualified supplier that meets the requirements of section 2, and  
34 amendments thereto, and this section and that has entered into an  
35 agreement with the secretary, as provided by section 2, and amendments  
36 thereto, may be eligible for reimbursement of up to 50% of training and  
37 education eligible expenses for training or education completed for new  
38 employees in each year for up to five successive years, and up to an annual  
39 amount of \$5,000,000, as determined by the secretary and as provided by  
40 this section. In determining the percentage, the number of successive years  
41 and the maximum annual amount, the secretary shall, at a minimum,  
42 consider the factors set forth in sections 3(b) and (d), and amendments  
43 thereto, as applicable.

1 (b) (1) Qualified firms shall be eligible commencing with the year in  
2 which the qualified firm enters into an agreement with the secretary, as  
3 provided in section 2, and amendments thereto, commences construction  
4 of the qualified business facility or commences commercial operations at  
5 the qualified business facility, as determined by the secretary.

6 (2) Qualified suppliers shall be eligible commencing with the year in  
7 which the qualified firm has selected the qualified supplier for benefit  
8 eligibility pursuant to section 2, and amendments thereto, but shall not be  
9 awarded such benefits until the qualified business facility commences  
10 commercial operations.

11 (c) The qualified firm or qualified supplier shall submit an application  
12 to the secretary in the form and manner required by the secretary and  
13 provide all information requested by the secretary, as provided by section  
14 2, and amendments thereto. If approved by the secretary, the qualified firm  
15 or qualified supplier shall enter into an agreement with the secretary with  
16 such terms and conditions as may be required by the secretary and  
17 commitments required by this act, as provided pursuant to section 2, and  
18 amendments thereto. The agreement shall set forth the maximum amount  
19 of the incentive that may be received for each year and shall require an  
20 annual showing of eligibility, including evidence showing the number of  
21 new hires and amount of eligible training and education expense, for each  
22 year the incentive is claimed.

23 (d) Subject to appropriations therefor, reimbursement in the amount  
24 approved by the secretary and pursuant to the terms of the agreement and  
25 the limitations of subsection (a) shall be made by the secretary from the  
26 attracting powerful economic expansion new employee training and  
27 education fund established in section 8, and amendments thereto, in  
28 accordance with appropriation acts upon warrants of the director of  
29 accounts and reports issued pursuant to vouchers approved by the  
30 secretary of commerce or the secretary's designee.

31 (e) No reimbursement shall be issued unless the qualified firm or the  
32 qualified supplier has been certified by the secretary, as provided in section  
33 2, and amendments thereto, as meeting all requirements of this act, any  
34 rules and regulations of the secretary and the agreement executed pursuant  
35 to section 2, and amendments thereto.

36 New Sec. 8. There is hereby established in the state treasury the  
37 attracting powerful economic expansion new employee training and  
38 education fund to be administered by the secretary of commerce. All  
39 moneys credited to the attracting powerful economic expansion new  
40 employee training and education fund shall be used by the Kansas  
41 department of commerce only for purposes related to reimbursement of  
42 qualified firms and qualified suppliers for training and education eligible  
43 expenses pursuant to the provisions of sections 2 and 7, and amendments



1 thereto. All expenditures from the attracting powerful economic expansion  
2 new employee training and education fund shall be made in accordance  
3 with appropriation acts upon warrants of the director of accounts and  
4 reports issued pursuant to vouchers approved by the secretary of  
5 commerce or the secretary's designee.

6 New Sec. 9. (a) The following described property, to the extent herein  
7 specified, shall be exempt from 50% of all real property taxes levied under  
8 the laws of Kansas: Any new manufacturing property or new headquarters  
9 located in a foreign trade zone program.

10 (b) The provisions of subsection (a) shall apply from and after the  
11 completion of construction of such property and continue only for a period  
12 as determined by the secretary that the manufacturing operations or  
13 headquarters operations continue and constitute active participation, to the  
14 extent applicable, in the foreign trade zone program.

15 (c) The provisions of this section shall apply to all taxable years  
16 beginning after December 31, 2021.

17 (d) As used in this section:

18 (1) "New manufacturing property" means any real property purchased  
19 or constructed after December 31, 2021, that is a qualified business facility  
20 owned by a qualified firm or a qualified supplier, as defined in paragraph  
21 (3), provided such property is regularly used to manufacture and produce  
22 goods for one or more of the following industries, as determined by the  
23 secretary of commerce:

- 24 (A) Advanced manufacturing;
- 25 (B) aerospace;
- 26 (C) distribution, logistics and transportation;
- 27 (D) food and agriculture; or
- 28 (E) professional and technical services.

29 (2) "Headquarters" means the same as defined in section 1, and  
30 amendments thereto, that is owned by a qualified firm or qualified  
31 supplier, as defined in paragraph (3).

32 (3) "Qualified firm" or "qualified supplier" means a "qualified firm"  
33 or a "qualified supplier" as defined in section 1, and amendments thereto,  
34 that has met and is in compliance with the requirements of section 2, and  
35 amendments thereto, including, with respect to a qualified firm, the  
36 requirement of investment of at least \$1,000,000,000 over a period of five  
37 years in the new manufacturing property or new headquarters property  
38 located in a foreign trade zone program.

39 New Sec. 10. (a) On and after the effective date of this act, a qualified  
40 firm or a qualified supplier that meets the requirements of section 2, and  
41 amendments thereto, and this section may be eligible for a sales tax  
42 exemption under the provisions of K.S.A. 79-3606(oooo), and  
43 amendments thereto.

1 (b) (1) Qualified firms shall be eligible commencing on the date the  
2 qualified firm commences construction of the qualified business facility, as  
3 determined by the secretary of commerce, or an earlier date if agreed by  
4 the secretary and incorporated into the agreement pursuant to section 2,  
5 and amendments thereto.

6 (2) Qualified suppliers shall be eligible commencing on the date that  
7 the qualified firm selected the qualified supplier for benefit eligibility  
8 pursuant to section 2, and amendments thereto. *{The secretary of*  
9 *commerce shall certify to the secretary of revenue that a qualified*  
10 *supplier is eligible and the date of eligibility of the qualified supplier.}*

11 (c) To be eligible to receive the sales tax exemption, the qualified  
12 firm or qualified supplier shall have been approved by and entered into an  
13 agreement with the secretary for a qualified investment in a qualified  
14 business facility **including, with respect to a qualified firm, a**  
15 **requirement of an investment** of at least \$1,000,000,000 pursuant to the  
16 requirements of ~~sections section 2 and 3,~~ **section 2**, and amendments thereto. The  
17 secretary of commerce shall provide notice to the secretary of revenue  
18 regarding an approval of a sales tax exemption under this section. The  
19 sales tax exemption shall be valid until construction of the qualified  
20 business facility has been completed or the date specified for completion  
21 of the qualified business facility in the agreement executed pursuant to  
22 section 2, and amendments thereto, whichever occurs first. No sales tax  
23 exemption shall be issued by the secretary of revenue unless the qualified  
24 firm or the qualified supplier has been certified by the secretary of  
25 commerce, as provided in section 2, and amendments thereto, as meeting  
26 all requirements of this act, the rules and regulations of the secretary, if  
27 any, and the agreement executed pursuant to section 2, and amendments  
28 thereto.

29 (d) A sales tax exemption shall be revoked by the secretary of  
30 revenue upon notification by the secretary of commerce that the qualified  
31 firm or qualified supplier has been disapproved by the secretary of  
32 commerce.

33 New Sec. 11. (a) On or before January 31 of each year, the secretary  
34 of commerce shall transmit to the governor, the senate standing  
35 committees on assessment and taxation and commerce and the house of  
36 representatives standing committees on taxation and commerce, labor and  
37 economic development, or any successor committee, a report based on  
38 information received from each qualified firm or qualified supplier  
39 receiving benefits under this act, describing, at a minimum, the following:

- 40 (1) The names of the qualified firms or qualified suppliers;
- 41 (2) the types of qualified firms or qualified suppliers utilizing the act;
- 42 (3) the location of such companies and the location, description and  
43 economic and industry impact of such companies' business operations in

1 Kansas;

2 (4) the number of new employees hired;

3 (5) the wages paid for such new employees;

4 (6) the annual and cumulative amount of investments made;

5 (7) the annual amount of each benefit provided under this act;

6 (8) the estimated net state fiscal impact, including the direct and  
7 indirect new state taxes derived from the new employees hired; and

8 (9) an estimate of the multiplier effect on the Kansas economy of the  
9 benefits received under this act.

10 (b) Commencing on the effective date of this act, the secretary of  
11 commerce shall transmit quarterly to the chairpersons of the senate  
12 standing committee on commerce and the house of representatives  
13 standing committee on commerce, labor and economic development, or  
14 any successor committee, a report on the number of projects that may  
15 qualify for incentives under this act.

16 ***New Sec. 12. (a) Commencing with fiscal year 2022, in any fiscal***  
17 ***year that a qualified firm or qualified supplier receives benefits under***  
18 ***the advancing powerful economic expansion act, sections 1 through 12,***  
19 ***and amendments thereto, the secretary of commerce shall certify such***  
20 ***fact to the secretary of revenue, the director of the budget and the***  
21 ***director of legislative research. Such certification shall be made when***  
22 ***such fact is known to the secretary, but in any event on or before June***  
23 ***30 of such fiscal year.***

24 ***(b) Upon receipt of such certification, the secretary of revenue shall***  
25 ***adjust the corporate income tax rate imposed pursuant to the provisions***  
26 ***of K.S.A. 79-32,110, and amendments thereto, to go into effect for the***  
27 ***next tax year by reducing the rate by 0.5%.***

28 ***(c) The rate reduction of 0.5% shall be applied first to reduce the***  
29 ***normal tax on corporations imposed pursuant to K.S.A. 79-32,110, and***  
30 ***amendments thereto. Upon the normal tax on corporations being***  
31 ***reduced to 0%, the rate reduction shall next be applied to the surtax on***  
32 ***corporations until reduced to 0%.***

33 ***(d) The secretary of revenue shall report any reduction in corporate***  
34 ***income tax rates pursuant to this section to the chairpersons of the***  
35 ***senate standing committees on assessment and taxation and commerce,***  
36 ***the chairpersons of the house of representatives standing committees on***  
37 ***commerce, labor and economic development and taxation and the***  
38 ***governor, and shall cause notice of any such reduction to be published***  
39 ***in the Kansas register prior to September 15 of the calendar year***  
40 ***immediately preceding the tax year in which such reduction takes effect.***

41 ***Sec. 13. K.S.A. 79-32,110 is hereby amended to read as follows: 79-***  
42 ***32,110. (a) Resident Individuals. Except as otherwise provided by K.S.A.***  
43 ***79-3220(a), and amendments thereto, a tax is hereby imposed upon the***

1 *Kansas taxable income of every resident individual, which tax shall be*  
 2 *computed in accordance with the following tax schedules:*

3 (1) *Married individuals filing joint returns.*

4 (A) *For tax year 2012:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
5 <i>Not over \$30,000.....</i>	<i>3.5% of Kansas taxable income</i>
6 <i>Over \$30,000 but not over \$60,000.....</i>	<i>\$1,050 plus 6.25% of excess</i>
7 <i>Over \$60,000.....</i>	<i>over \$30,000</i>
8 <i>Over \$60,000.....</i>	<i>\$2,925 plus 6.45% of excess</i>
9 <i>Over \$60,000.....</i>	<i>over \$60,000</i>

10  
 11 (B) *For tax year 2013:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
12 <i>Not over \$30,000.....</i>	<i>3.0% of Kansas taxable income</i>
13 <i>Over \$30,000.....</i>	<i>\$900 plus 4.9% of excess over</i>
14 <i>Over \$30,000.....</i>	<i>\$30,000</i>

15  
 16 (C) *For tax year 2014:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
17 <i>Not over \$30,000.....</i>	<i>2.7% of Kansas taxable income</i>
18 <i>Over \$30,000.....</i>	<i>\$810 plus 4.8% of excess over</i>
19 <i>Over \$30,000.....</i>	<i>\$30,000</i>

20  
 21 (D) *For tax years 2015 and 2016:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
22 <i>Not over \$30,000.....</i>	<i>2.7% of Kansas taxable income</i>
23 <i>Over \$30,000.....</i>	<i>\$810 plus 4.6% of excess over</i>
24 <i>Over \$30,000.....</i>	<i>\$30,000</i>

25  
 26 (E) *For tax year 2017:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
27 <i>Not over \$30,000.....</i>	<i>2.9% of Kansas taxable income</i>
28 <i>Over \$30,000 but not over \$60,000.....</i>	<i>\$870 plus 4.9% of excess over</i>
29 <i>Over \$60,000.....</i>	<i>\$30,000</i>
30 <i>Over \$60,000.....</i>	<i>\$2,340 plus 5.2% of excess over</i>
31 <i>Over \$60,000.....</i>	<i>\$60,000</i>

32  
 33 (F) *For tax year 2018, and all tax years thereafter:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
34 <i>Not over \$30,000.....</i>	<i>3.1% of Kansas taxable income</i>
35 <i>Over \$30,000 but not over \$60,000.....</i>	<i>\$930 plus 5.25% of excess</i>
36 <i>Over \$60,000.....</i>	<i>over \$30,000</i>
37 <i>Over \$60,000.....</i>	<i>\$2,505 plus 5.7% of excess</i>
38 <i>Over \$60,000.....</i>	<i>over \$60,000</i>

39  
 40 (2) *All other individuals.*

41 (A) *For tax year 2012:*

<i>If the taxable income is:</i>	<i>The tax is:</i>
42 <i>Not over \$15,000.....</i>	<i>3.5% of Kansas taxable income</i>

- 1 *Over \$15,000 but not over \$30,000.....\$525 plus 6.25% of excess*  
 2 *over \$15,000*  
 3 *Over \$30,000.....\$1,462.50 plus 6.45% of excess*  
 4 *over \$30,000*  
 5 **(B) For tax year 2013:**  
 6 *If the taxable income is: The tax is:*  
 7 *Not over \$15,000.....3.0% of Kansas taxable income*  
 8 *Over \$15,000.....\$450 plus 4.9% of excess over*  
 9 *\$15,000*  
 10 **(C) For tax year 2014:**  
 11 *If the taxable income is: The tax is:*  
 12 *Not over \$15,000.....2.7% of Kansas taxable income*  
 13 *Over \$15,000.....\$405 plus 4.8% of excess over*  
 14 *\$15,000*  
 15 **(D) For tax years 2015 and 2016:**  
 16 *If the taxable income is: The tax is:*  
 17 *Not over \$15,000.....2.7% of Kansas taxable income*  
 18 *Over \$15,000.....\$405 plus 4.6% of excess over*  
 19 *\$15,000*  
 20 **(E) For tax year 2017:**  
 21 *If the taxable income is: The tax is:*  
 22 *Not over \$15,000.....2.9% of Kansas taxable income*  
 23 *Over \$15,000 but not over \$30,000.....\$435 plus 4.9% of excess over*  
 24 *\$15,000*  
 25 *Over \$30,000.....\$1,170 plus 5.2% of excess over*  
 26 *\$30,000*  
 27 **(F) For tax year 2018, and all tax years thereafter:**  
 28 *If the taxable income is: The tax is:*  
 29 *Not over \$15,000.....3.1% of Kansas taxable income*  
 30 *Over \$15,000 but not over \$30,000.....\$465 plus 5.25% of excess*  
 31 *over \$15,000*  
 32 *Over \$30,000.....\$1,252.50 plus 5.7% of excess*  
 33 *over \$30,000*  
 34 **(b) Nonresident Individuals.** *A tax is hereby imposed upon the*  
 35 *Kansas taxable income of every nonresident individual, which tax shall*  
 36 *be an amount equal to the tax computed under subsection (a) as if the*  
 37 *nonresident were a resident multiplied by the ratio of modified Kansas*  
 38 *source income to Kansas adjusted gross income.*  
 39 **(c) Corporations.** *A tax is hereby imposed upon the Kansas taxable*  
 40 *income of every corporation doing business within this state or deriving*  
 41 *income from sources within this state. Such tax shall consist of a normal*  
 42 *tax and a surtax and shall be computed as follows:*  
 43 **(1)** *The normal tax shall be in an amount equal to 4% of the*

1 *Kansas taxable income of such corporation; and*

2 *(2) (A) for tax year 2008, the surtax shall be in an amount equal to*  
3 *3.1% of the Kansas taxable income of such corporation in excess of*  
4 *\$50,000;*

5 *(B) for tax years 2009 and 2010, the surtax shall be in an amount*  
6 *equal to 3.05% of the Kansas taxable income of such corporation in*  
7 *excess of \$50,000; and*

8 *(C) for tax year 2011, and all tax years thereafter, the surtax shall*  
9 *be in an amount equal to 3% of the Kansas taxable income of such*  
10 *corporation in excess of \$50,000.*

11 *(d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable*  
12 *income of estates and trusts at the rates provided in subsection (a)(2)*  
13 *hereof.*

14 *(e) Notwithstanding the provisions of subsections (a) and (b): (1)*  
15 *For tax years 2016 and 2017, married individuals filing joint returns*  
16 *with taxable income of \$12,500 or less, and all other individuals with*  
17 *taxable income of \$5,000 or less, shall have a tax liability of zero; and*  
18 *(2) for tax year 2018, and all tax years thereafter, married individuals*  
19 *filing joint returns with taxable income of \$5,000 or less, and all other*  
20 *individuals with taxable income of \$2,500 or less, shall have a tax*  
21 *liability of zero.*

22 *(f) No taxpayer shall be assessed penalties and interest arising from*  
23 *the underpayment of taxes due to changes to the rates in subsection (a)*  
24 *that became law on July 1, 2017, so long as such underpayment is*  
25 *rectified on or before April 17, 2018.*

26 *(g) Tax rates imposed upon corporations provided in this section*  
27 *shall be adjusted pursuant to the provisions of section 12, and*  
28 *amendments thereto.*

29 ~~Sec. 12.~~ **14.** K.S.A. 2021 Supp. 79-3606 is hereby amended to read as  
30 follows: 79-3606. The following shall be exempt from the tax imposed by  
31 this act:

32 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
33 or excise tax has been paid, not subject to refund, under the laws of this  
34 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-  
35 3301, and amendments thereto, including consumable material for such  
36 electronic cigarettes, cereal malt beverages and malt products as defined  
37 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
38 malt syrup and malt extract, that is not subject to taxation under the  
39 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
40 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
41 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
42 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
43 thereto, and gross receipts from regulated sports contests taxed pursuant to

1 the Kansas professional regulated sports act, and amendments thereto;

2 (b) all sales of tangible personal property or service, including the  
3 renting and leasing of tangible personal property, purchased directly by the  
4 state of Kansas, a political subdivision thereof, other than a school or  
5 educational institution, or purchased by a public or private nonprofit  
6 hospital, public hospital authority, nonprofit blood, tissue or organ bank or  
7 nonprofit integrated community care organization and used exclusively for  
8 state, political subdivision, hospital, public hospital authority, nonprofit  
9 blood, tissue or organ bank or nonprofit integrated community care  
10 organization purposes, except when: (1) Such state, hospital or public  
11 hospital authority is engaged or proposes to engage in any business  
12 specifically taxable under the provisions of this act and such items of  
13 tangible personal property or service are used or proposed to be used in  
14 such business; or (2) such political subdivision is engaged or proposes to  
15 engage in the business of furnishing gas, electricity or heat to others and  
16 such items of personal property or service are used or proposed to be used  
17 in such business;

18 (c) all sales of tangible personal property or services, including the  
19 renting and leasing of tangible personal property, purchased directly by a  
20 public or private elementary or secondary school or public or private  
21 nonprofit educational institution and used primarily by such school or  
22 institution for nonsectarian programs and activities provided or sponsored  
23 by such school or institution or in the erection, repair or enlargement of  
24 buildings to be used for such purposes. The exemption herein provided  
25 shall not apply to erection, construction, repair, enlargement or equipment  
26 of buildings used primarily for human habitation, except that such  
27 exemption shall apply to the erection, construction, repair, enlargement or  
28 equipment of buildings used for human habitation by the cerebral palsy  
29 research foundation of Kansas located in Wichita, Kansas, and multi  
30 community diversified services, incorporated, located in McPherson,  
31 Kansas;

32 (d) all sales of tangible personal property or services purchased by a  
33 contractor for the purpose of constructing, equipping, reconstructing,  
34 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
35 any public or private nonprofit hospital or public hospital authority, public  
36 or private elementary or secondary school, a public or private nonprofit  
37 educational institution, state correctional institution including a privately  
38 constructed correctional institution contracted for state use and ownership,  
39 that would be exempt from taxation under the provisions of this act if  
40 purchased directly by such hospital or public hospital authority, school,  
41 educational institution or a state correctional institution; and all sales of  
42 tangible personal property or services purchased by a contractor for the  
43 purpose of constructing, equipping, reconstructing, maintaining, repairing,

1 enlarging, furnishing or remodeling facilities for any political subdivision  
2 of the state or district described in subsection (s), the total cost of which is  
3 paid from funds of such political subdivision or district and that would be  
4 exempt from taxation under the provisions of this act if purchased directly  
5 by such political subdivision or district. Nothing in this subsection or in  
6 the provisions of K.S.A. 12-3418, and amendments thereto, shall be  
7 deemed to exempt the purchase of any construction machinery, equipment  
8 or tools used in the constructing, equipping, reconstructing, maintaining,  
9 repairing, enlarging, furnishing or remodeling facilities for any political  
10 subdivision of the state or any such district. As used in this subsection,  
11 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a  
12 political subdivision" shall mean general tax revenues, the proceeds of any  
13 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the  
14 purpose of constructing, equipping, reconstructing, repairing, enlarging,  
15 furnishing or remodeling facilities that are to be leased to the donor. When  
16 any political subdivision of the state, district described in subsection (s),  
17 public or private nonprofit hospital or public hospital authority, public or  
18 private elementary or secondary school, public or private nonprofit  
19 educational institution, state correctional institution including a privately  
20 constructed correctional institution contracted for state use and ownership  
21 shall contract for the purpose of constructing, equipping, reconstructing,  
22 maintaining, repairing, enlarging, furnishing or remodeling facilities, it  
23 shall obtain from the state and furnish to the contractor an exemption  
24 certificate for the project involved, and the contractor may purchase  
25 materials for incorporation in such project. The contractor shall furnish the  
26 number of such certificate to all suppliers from whom such purchases are  
27 made, and such suppliers shall execute invoices covering the same bearing  
28 the number of such certificate. Upon completion of the project the  
29 contractor shall furnish to the political subdivision, district described in  
30 subsection (s), hospital or public hospital authority, school, educational  
31 institution or department of corrections concerned a sworn statement, on a  
32 form to be provided by the director of taxation, that all purchases so made  
33 were entitled to exemption under this subsection. As an alternative to the  
34 foregoing procedure, any such contracting entity may apply to the  
35 secretary of revenue for agent status for the sole purpose of issuing and  
36 furnishing project exemption certificates to contractors pursuant to rules  
37 and regulations adopted by the secretary establishing conditions and  
38 standards for the granting and maintaining of such status. All invoices  
39 shall be held by the contractor for a period of five years and shall be  
40 subject to audit by the director of taxation. If any materials purchased  
41 under such a certificate are found not to have been incorporated in the  
42 building or other project or not to have been returned for credit or the sales  
43 or compensating tax otherwise imposed upon such materials that will not



1 be so incorporated in the building or other project reported and paid by  
2 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
3 month following the close of the month in which it shall be determined  
4 that such materials will not be used for the purpose for which such  
5 certificate was issued, the political subdivision, district described in  
6 subsection (s), hospital or public hospital authority, school, educational  
7 institution or the contractor contracting with the department of corrections  
8 for a correctional institution concerned shall be liable for tax on all  
9 materials purchased for the project, and upon payment thereof it may  
10 recover the same from the contractor together with reasonable attorney  
11 fees. Any contractor or any agent, employee or subcontractor thereof, who  
12 shall use or otherwise dispose of any materials purchased under such a  
13 certificate for any purpose other than that for which such a certificate is  
14 issued without the payment of the sales or compensating tax otherwise  
15 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
16 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
17 79-3615(h), and amendments thereto;

18 (e) all sales of tangible personal property or services purchased by a  
19 contractor for the erection, repair or enlargement of buildings or other  
20 projects for the government of the United States, its agencies or  
21 instrumentalities, that would be exempt from taxation if purchased directly  
22 by the government of the United States, its agencies or instrumentalities.  
23 When the government of the United States, its agencies or  
24 instrumentalities shall contract for the erection, repair, or enlargement of  
25 any building or other project, it shall obtain from the state and furnish to  
26 the contractor an exemption certificate for the project involved, and the  
27 contractor may purchase materials for incorporation in such project. The  
28 contractor shall furnish the number of such certificates to all suppliers  
29 from whom such purchases are made, and such suppliers shall execute  
30 invoices covering the same bearing the number of such certificate. Upon  
31 completion of the project the contractor shall furnish to the government of  
32 the United States, its agencies or instrumentalities concerned a sworn  
33 statement, on a form to be provided by the director of taxation, that all  
34 purchases so made were entitled to exemption under this subsection. As an  
35 alternative to the foregoing procedure, any such contracting entity may  
36 apply to the secretary of revenue for agent status for the sole purpose of  
37 issuing and furnishing project exemption certificates to contractors  
38 pursuant to rules and regulations adopted by the secretary establishing  
39 conditions and standards for the granting and maintaining of such status.  
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. Any contractor or any  
42 agent, employee or subcontractor thereof, who shall use or otherwise  
43 dispose of any materials purchased under such a certificate for any purpose

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

6 (f) tangible personal property purchased by a railroad or public utility  
7 for consumption or movement directly and immediately in interstate  
8 commerce;

9 (g) sales of aircraft including remanufactured and modified aircraft  
10 sold to persons using directly or through an authorized agent such aircraft  
11 as certified or licensed carriers of persons or property in interstate or  
12 foreign commerce under authority of the laws of the United States or any  
13 foreign government or sold to any foreign government or agency or  
14 instrumentality of such foreign government and all sales of aircraft for use  
15 outside of the United States and sales of aircraft repair, modification and  
16 replacement parts and sales of services employed in the remanufacture,  
17 modification and repair of aircraft;

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

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

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

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

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

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

1 manufactured or compounded;

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

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

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

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

36 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
37 enteral feeding systems, prosthetic devices and mobility enhancing  
38 equipment prescribed in writing by a person licensed to practice the  
39 healing arts, dentistry or optometry, and in addition to such sales, all sales  
40 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,  
41 and repair and replacement parts therefor, including batteries, by a person  
42 licensed in the practice of dispensing and fitting hearing aids pursuant to  
43 the provisions of K.S.A. 74-5808, and amendments thereto. For the

1 purposes of this subsection: (1) "Mobility enhancing equipment" means  
2 equipment including repair and replacement parts to same, but does not  
3 include durable medical equipment, which is primarily and customarily  
4 used to provide or increase the ability to move from one place to another  
5 and which is appropriate for use either in a home or a motor vehicle; is not  
6 generally used by persons with normal mobility; and does not include any  
7 motor vehicle or equipment on a motor vehicle normally provided by a  
8 motor vehicle manufacturer; and (2) "prosthetic device" means a  
9 replacement, corrective or supportive device including repair and  
10 replacement parts for same worn on or in the body to artificially replace a  
11 missing portion of the body, prevent or correct physical deformity or  
12 malfunction or support a weak or deformed portion of the body;

13 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,  
14 all sales of tangible personal property or services purchased directly or  
15 indirectly by a groundwater management district organized or operating  
16 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,  
17 by a rural water district organized or operating under the authority of  
18 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
19 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
20 3522 et seq. or 19-3545, and amendments thereto, which property or  
21 services are used in the construction activities, operation or maintenance of  
22 the district;

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

1 ticket to be retained by the seller that the farm machinery and equipment  
2 or aquaculture machinery and equipment purchased will be used only in  
3 farming, ranching or aquaculture production. Farming or ranching shall  
4 include the operation of a feedlot and farm and ranch work for hire and the  
5 operation of a nursery;

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

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

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

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

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

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

43 (aa) all sales of materials and services applied to equipment that is

1 transported into the state from without the state for repair, service,  
2 alteration, maintenance, remanufacture or modification and that is  
3 subsequently transported outside the state for use in the transmission of  
4 liquids or natural gas by means of pipeline in interstate or foreign  
5 commerce under authority of the laws of the United States;

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

11 (cc) all sales of tangible personal property or services purchased prior  
12 to January 1, 2012, except as otherwise provided, for the purpose of and in  
13 conjunction with constructing, reconstructing, enlarging or remodeling a  
14 business or retail business that meets the requirements established in  
15 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
16 machinery and equipment purchased for installation at any such business  
17 or retail business, and all sales of tangible personal property or services  
18 purchased on or after January 1, 2012, for the purpose of and in  
19 conjunction with constructing, reconstructing, enlarging or remodeling a  
20 business that meets the requirements established in K.S.A. 74-50,115(e),  
21 and amendments thereto, and the sale and installation of machinery and  
22 equipment purchased for installation at any such business. When a person  
23 shall contract for the construction, reconstruction, enlargement or  
24 remodeling of any such business or retail business, such person shall  
25 obtain from the state and furnish to the contractor an exemption certificate  
26 for the project involved, and the contractor may purchase materials,  
27 machinery and equipment for incorporation in such project. The contractor  
28 shall furnish the number of such certificates to all suppliers from whom  
29 such purchases are made, and such suppliers shall execute invoices  
30 covering the same bearing the number of such certificate. Upon  
31 completion of the project the contractor shall furnish to the owner of the  
32 business or retail business a sworn statement, on a form to be provided by  
33 the director of taxation, that all purchases so made were entitled to  
34 exemption under this subsection. All invoices shall be held by the  
35 contractor for a period of five years and shall be subject to audit by the  
36 director of taxation. Any contractor or any agent, employee or  
37 subcontractor thereof, who shall use or otherwise dispose of any materials,  
38 machinery or equipment purchased under such a certificate for any  
39 purpose other than that for which such a certificate is issued without the  
40 payment of the sales or compensating tax otherwise imposed thereon, shall  
41 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
42 to the penalties provided for in K.S.A. 79-3615(h), and amendments  
43 thereto. As used in this subsection, "business" and "retail business" mean

1 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project  
2 exemption certificates that have been previously issued under this  
3 subsection by the department of revenue pursuant to K.S.A. 74-50,115,  
4 and amendments thereto, but not including K.S.A. 74-50,115(e), and  
5 amendments thereto, prior to January 1, 2012, and have not expired will be  
6 effective for the term of the project or two years from the effective date of  
7 the certificate, whichever occurs earlier. Project exemption certificates that  
8 are submitted to the department of revenue prior to January 1, 2012, and  
9 are found to qualify will be issued a project exemption certificate that will  
10 be effective for a two-year period or for the term of the project, whichever  
11 occurs earlier;

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

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

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

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

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

37 (ii) all sales of tangible personal property purchased directly by a  
38 nonprofit organization for nonsectarian comprehensive multidiscipline  
39 youth development programs and activities provided or sponsored by such  
40 organization, and all sales of tangible personal property by or on behalf of  
41 any such organization. This exemption shall not apply to tangible personal  
42 property customarily used for human habitation purposes;

43 (jj) all sales of tangible personal property or services, including the

1 renting and leasing of tangible personal property, purchased directly on  
2 behalf of a community-based facility for people with intellectual disability  
3 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
4 amendments thereto, and licensed in accordance with the provisions of  
5 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible  
6 personal property or services purchased by contractors during the time  
7 period from July, 2003, through June, 2006, for the purpose of  
8 constructing, equipping, maintaining or furnishing a new facility for a  
9 community-based facility for people with intellectual disability or mental  
10 health center located in Riverton, Cherokee County, Kansas, that would  
11 have been eligible for sales tax exemption pursuant to this subsection if  
12 purchased directly by such facility or center. This exemption shall not  
13 apply to tangible personal property customarily used for human habitation  
14 purposes;

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

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

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

22 (2) For purposes of this subsection:

23 (A) "Integrated production operation" means an integrated series of  
24 operations engaged in at a manufacturing or processing plant or facility to  
25 process, transform or convert tangible personal property by physical,  
26 chemical or other means into a different form, composition or character  
27 from that in which it originally existed. Integrated production operations  
28 shall include: (i) Production line operations, including packaging  
29 operations; (ii) preproduction operations to handle, store and treat raw  
30 materials; (iii) post production handling, storage, warehousing and  
31 distribution operations; and (iv) waste, pollution and environmental  
32 control operations, if any;

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

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



1 or processing plants or facilities at different locations to manufacture or  
2 process a single product of tangible personal property to be ultimately sold  
3 at retail;

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

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

1 operations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 (M) ~~to~~ control pollution at the plant or facility where the pollution is

1 produced by the manufacturing or processing operation.

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

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

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

34 (B) machinery, equipment and tools used primarily in maintaining  
35 and repairing any type of machinery and equipment or the building and  
36 plant;

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

42 (D) office machines and equipment including computers and related  
43 peripheral equipment not used directly and primarily to control or measure

- 1 the manufacturing process;
- 2 (E) furniture and other furnishings;
- 3 (F) buildings, other than exempt machinery and equipment that is  
4 permanently affixed to or becomes a physical part of the building, and any  
5 other part of real estate that is not otherwise exempt;
- 6 (G) building fixtures that are not integral to the manufacturing  
7 operation, such as utility systems for heating, ventilation, air conditioning,  
8 communications, plumbing or electrical;
- 9 (H) machinery and equipment used for general plant heating, cooling  
10 and lighting;
- 11 (I) motor vehicles that are registered for operation on public  
12 highways; or
- 13 (J) employee apparel, except safety and protective apparel that is  
14 purchased by an employer and furnished gratuitously to employees who  
15 are involved in production or research activities.
- 16 (6) ~~Subsections~~*Paragraphs* (3) and (5) shall not be construed as  
17 exclusive listings of the machinery and equipment that qualify or do not  
18 qualify as an integral or essential part of an integrated production  
19 operation. When machinery or equipment is used as an integral or essential  
20 part of production operations part of the time and for nonproduction  
21 purposes at other times, the primary use of the machinery or equipment  
22 shall determine whether or not such machinery or equipment qualifies for  
23 exemption.
- 24 (7) The secretary of revenue shall adopt rules and regulations  
25 necessary to administer the provisions of this subsection;
- 26 (ll) all sales of educational materials purchased for distribution to the  
27 public at no charge by a nonprofit corporation organized for the purpose of  
28 encouraging, fostering and conducting programs for the improvement of  
29 public health, except that for taxable years commencing after December  
30 31, 2013, this subsection shall not apply to any sales of such materials  
31 purchased by a nonprofit corporation which performs any abortion, as  
32 defined in K.S.A. 65-6701, and amendments thereto;
- 33 (mm) all sales of seeds and tree seedlings; fertilizers, insecticides,  
34 herbicides, germicides, pesticides and fungicides; and services, purchased  
35 and used for the purpose of producing plants in order to prevent soil  
36 erosion on land devoted to agricultural use;
- 37 (nn) except as otherwise provided in this act, all sales of services  
38 rendered by an advertising agency or licensed broadcast station or any  
39 member, agent or employee thereof;
- 40 (oo) all sales of tangible personal property purchased by a community  
41 action group or agency for the exclusive purpose of repairing or  
42 weatherizing housing occupied by low-income individuals;
- 43 (pp) all sales of drill bits and explosives actually utilized in the

1 exploration and production of oil or gas;

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

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

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

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

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

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

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

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

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

43 (4) the American diabetes association Kansas affiliate, inc. for the

1 purpose of eliminating diabetes through medical research, public education  
2 focusing on disease prevention and education, patient education including  
3 information on coping with diabetes, and professional education and  
4 training;

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

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

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

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

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

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

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

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

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

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

41 (15) the KSDS, Inc., for the purpose of promoting the independence  
42 and inclusion of people with disabilities as fully participating and  
43 contributing members of their communities and society through the

1 training and providing of guide and service dogs to people with  
2 disabilities, and providing disability education and awareness to the  
3 general public;

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

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

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

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

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

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

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

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

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

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

35 (xx) all sales of tangible personal property and services purchased by  
36 a nonprofit zoo that is exempt from federal income taxation pursuant to  
37 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
38 of such zoo by an entity itself exempt from federal income taxation  
39 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
40 contracted with to operate such zoo and all sales of tangible personal  
41 property or services purchased by a contractor for the purpose of  
42 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
43 furnishing or remodeling facilities for any nonprofit zoo that would be

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

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

40 (zz) all sales of machinery and equipment purchased by over-the-air,  
41 free access radio or television station that is used directly and primarily for  
42 the purpose of producing a broadcast signal or is such that the failure of  
43 the machinery or equipment to operate would cause broadcasting to cease.



1 For purposes of this subsection, machinery and equipment shall include,  
2 but not be limited to, that required by rules and regulations of the federal  
3 communications commission, and all sales of electricity which are  
4 essential or necessary for the purpose of producing a broadcast signal or is  
5 such that the failure of the electricity would cause broadcasting to cease;

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

1 which such a certificate is issued without the payment of the sales or  
2 compensating tax otherwise imposed upon such materials, shall be guilty  
3 of a misdemeanor and, upon conviction therefor, shall be subject to the  
4 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.  
5 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
6 this act upon the gross receipts received from any sale exempted by the  
7 amendatory provisions of this subsection shall be refunded. Each claim for  
8 a sales tax refund shall be verified and submitted to the director of taxation  
9 upon forms furnished by the director and shall be accompanied by any  
10 additional documentation required by the director. The director shall  
11 review each claim and shall refund that amount of sales tax paid as  
12 determined under the provisions of this subsection. All refunds shall be  
13 paid from the sales tax refund fund upon warrants of the director of  
14 accounts and reports pursuant to vouchers approved by the director or the  
15 director's designee;

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

21 (ccc) on and after July 1, 1999, all sales of tangible personal property  
22 and services purchased by a primary care clinic or health center the  
23 primary purpose of which is to provide services to medically underserved  
24 individuals and families, and that is exempt from federal income taxation  
25 pursuant to section 501(c)(3) of the federal internal revenue code, and all  
26 sales of tangible personal property or services purchased by a contractor  
27 for the purpose of constructing, equipping, reconstructing, maintaining,  
28 repairing, enlarging, furnishing or remodeling facilities for any such clinic  
29 or center that would be exempt from taxation under the provisions of this  
30 section if purchased directly by such clinic or center, except that for  
31 taxable years commencing after December 31, 2013, this subsection shall  
32 not apply to any sales of such tangible personal property and services  
33 purchased by a primary care clinic or health center which performs any  
34 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing  
35 in this subsection shall be deemed to exempt the purchase of any  
36 construction machinery, equipment or tools used in the constructing,  
37 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
38 remodeling facilities for any such clinic or center. When any such clinic or  
39 center shall contract for the purpose of constructing, equipping,  
40 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
41 facilities, it shall obtain from the state and furnish to the contractor an  
42 exemption certificate for the project involved, and the contractor may  
43 purchase materials for incorporation in such project. The contractor shall

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

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

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

41 (fff) all sales of material handling equipment, racking systems and  
42 other related machinery and equipment that is used for the handling,  
43 movement or storage of tangible personal property in a warehouse or

1 distribution facility in this state; all sales of installation, repair and  
2 maintenance services performed on such machinery and equipment; and  
3 all sales of repair and replacement parts for such machinery and  
4 equipment. For purposes of this subsection, a warehouse or distribution  
5 facility means a single, fixed location that consists of buildings or  
6 structures in a contiguous area where storage or distribution operations are  
7 conducted that are separate and apart from the business' retail operations,  
8 if any, and that do not otherwise qualify for exemption as occurring at a  
9 manufacturing or processing plant or facility. Material handling and  
10 storage equipment shall include aeration, dust control, cleaning, handling  
11 and other such equipment that is used in a public grain warehouse or other  
12 commercial grain storage facility, whether used for grain handling, grain  
13 storage, grain refining or processing, or other grain treatment operation;

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

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

22 (iii) all sales of personal property and services purchased by an  
23 organization that is exempt from federal income taxation pursuant to  
24 section 501(c)(3) of the federal internal revenue code of 1986, and such  
25 personal property and services are used by any such organization in the  
26 collection, storage and distribution of food products to nonprofit  
27 organizations that distribute such food products to persons pursuant to a  
28 food distribution program on a charitable basis without fee or charge, and  
29 all sales of tangible personal property or services purchased by a  
30 contractor for the purpose of constructing, equipping, reconstructing,  
31 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
32 for the collection and storage of such food products for any such  
33 organization which is exempt from federal income taxation pursuant to  
34 section 501(c)(3) of the federal internal revenue code of 1986, that would  
35 be exempt from taxation under the provisions of this section if purchased  
36 directly by such organization. Nothing in this subsection shall be deemed  
37 to exempt the purchase of any construction machinery, equipment or tools  
38 used in the constructing, equipping, reconstructing, maintaining, repairing,  
39 enlarging, furnishing or remodeling facilities for any such organization.  
40 When any such organization shall contract for the purpose of constructing,  
41 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
42 remodeling facilities, it shall obtain from the state and furnish to the  
43 contractor an exemption certificate for the project involved, and the

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

37 (jjj) all sales of dietary supplements dispensed pursuant to a  
38 prescription order by a licensed practitioner or a mid-level practitioner as  
39 defined by K.S.A. 65-1626, and amendments thereto. As used in this  
40 subsection, "dietary supplement" means any product, other than tobacco,  
41 intended to supplement the diet that: (1) Contains one or more of the  
42 following dietary ingredients: A vitamin, a mineral, an herb or other  
43 botanical, an amino acid, a dietary substance for use by humans to

1 supplement the diet by increasing the total dietary intake or a concentrate,  
2 metabolite, constituent, extract or combination of any such ingredient; (2)  
3 is intended for ingestion in tablet, capsule, powder, softgel, gelcap or  
4 liquid form, or if not intended for ingestion, in such a form, is not  
5 represented as conventional food and is not represented for use as a sole  
6 item of a meal or of the diet; and (3) is required to be labeled as a dietary  
7 supplement, identifiable by the supplemental facts box found on the label  
8 and as required pursuant to 21 C.F.R. § 101.36;

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

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

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

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

33 (ppp) all sales of tangible personal property and services purchased  
34 by or on behalf of a homeless shelter that is exempt from federal income  
35 taxation pursuant to section 501(c)(3) of the federal income tax code of  
36 1986, and used by any such homeless shelter to provide emergency and  
37 transitional housing for individuals and families experiencing  
38 homelessness, and all sales of any such property by or on behalf of any  
39 such homeless shelter for any such purpose;

40 (qqq) all sales of tangible personal property and services purchased  
41 by TLC for children and families, inc., hereinafter referred to as TLC,  
42 which is exempt from federal income taxation pursuant to section 501(c)  
43 (3) of the federal internal revenue code of 1986, and such property and

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

42 (rrr) all sales of tangible personal property and services purchased by  
43 any county law library maintained pursuant to law and sales of tangible

1 personal property and services purchased by an organization that would  
2 have been exempt from taxation under the provisions of this subsection if  
3 purchased directly by the county law library for the purpose of providing  
4 legal resources to attorneys, judges, students and the general public, and  
5 all sales of any such property by or on behalf of any such county law  
6 library;

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



1 which such certificate was issued, charitable family providers shall be  
2 liable for tax on all materials purchased for the project, and upon payment  
3 thereof it may recover the same from the contractor together with  
4 reasonable attorney fees. Any contractor or any agent, employee or  
5 subcontractor thereof, who shall use or otherwise dispose of any materials  
6 purchased under such a certificate for any purpose other than that for  
7 which such a certificate is issued without the payment of the sales or  
8 compensating tax otherwise imposed upon such materials, shall be guilty  
9 of a misdemeanor and, upon conviction therefor, shall be subject to the  
10 penalties provided for in K.S.A. 79-3615(h), and amendments thereto;

11 (ttt) all sales of tangible personal property or services purchased by a  
12 contractor for a project for the purpose of restoring, constructing,  
13 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
14 remodeling a home or facility owned by a nonprofit museum that has been  
15 granted an exemption pursuant to subsection (qq), which such home or  
16 facility is located in a city that has been designated as a qualified  
17 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
18 amendments thereto, and which such project is related to the purposes of  
19 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
20 exempt from taxation under the provisions of this section if purchased  
21 directly by such nonprofit museum. Nothing in this subsection shall be  
22 deemed to exempt the purchase of any construction machinery, equipment  
23 or tools used in the restoring, constructing, equipping, reconstructing,  
24 maintaining, repairing, enlarging, furnishing or remodeling a home or  
25 facility for any such nonprofit museum. When any such nonprofit museum  
26 shall contract for the purpose of restoring, constructing, equipping,  
27 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
28 a home or facility, it shall obtain from the state and furnish to the  
29 contractor an exemption certificate for the project involved, and the  
30 contractor may purchase materials for incorporation in such project. The  
31 contractor shall furnish the number of such certificates to all suppliers  
32 from whom such purchases are made, and such suppliers shall execute  
33 invoices covering the same bearing the number of such certificate. Upon  
34 completion of the project, the contractor shall furnish to such nonprofit  
35 museum a sworn statement on a form to be provided by the director of  
36 taxation that all purchases so made were entitled to exemption under this  
37 subsection. All invoices shall be held by the contractor for a period of five  
38 years and shall be subject to audit by the director of taxation. If any  
39 materials purchased under such a certificate are found not to have been  
40 incorporated in the building or other project or not to have been returned  
41 for credit or the sales or compensating tax otherwise imposed upon such  
42 materials that will not be so incorporated in a home or facility or other  
43 project reported and paid by such contractor to the director of taxation not

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

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

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

15 (vvv) all sales of tangible personal property or services, including the  
16 renting and leasing of tangible personal property or services, purchased by  
17 jazz in the woods, inc., a Kansas corporation that is exempt from federal  
18 income taxation pursuant to section 501(c)(3) of the federal internal  
19 revenue code, for the purpose of providing jazz in the woods, an event  
20 benefiting children-in-need and other nonprofit charities assisting such  
21 children, and all sales of any such property by or on behalf of such  
22 organization for such purpose;

23 (www) all sales of tangible personal property purchased by or on  
24 behalf of the Frontenac education foundation, which is exempt from  
25 federal income taxation pursuant to section 501(c)(3) of the federal  
26 internal revenue code, for the purpose of providing education support for  
27 students, and all sales of any such property by or on behalf of such  
28 organization for such purpose;

29 (xxx) all sales of personal property and services purchased by the  
30 booth theatre foundation, inc., an organization, which is exempt from  
31 federal income taxation pursuant to section 501(c)(3) of the federal  
32 internal revenue code of 1986, and which such personal property and  
33 services are used by any such organization in the constructing, equipping,  
34 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
35 of the booth theatre, and all sales of tangible personal property or services  
36 purchased by a contractor for the purpose of constructing, equipping,  
37 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
38 the booth theatre for such organization, that would be exempt from  
39 taxation under the provisions of this section if purchased directly by such  
40 organization. Nothing in this subsection shall be deemed to exempt the  
41 purchase of any construction machinery, equipment or tools used in the  
42 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
43 furnishing or remodeling facilities for any such organization. When any

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

42 (yyy) all sales of tangible personal property and services purchased  
43 by TLC charities foundation, inc., hereinafter referred to as TLC charities,

1 which is exempt from federal income taxation pursuant to section 501(c)  
2 (3) of the federal internal revenue code of 1986, and which such property  
3 and services are used for the purpose of encouraging private philanthropy  
4 to further the vision, values, and goals of TLC for children and families,  
5 inc.; and all sales of such property and services by or on behalf of TLC  
6 charities for any such purpose and all sales of tangible personal property or  
7 services purchased by a contractor for the purpose of constructing,  
8 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
9 the operation of services for TLC charities for any such purpose that would  
10 be exempt from taxation under the provisions of this section if purchased  
11 directly by TLC charities. Nothing in this subsection shall be deemed to  
12 exempt the purchase of any construction machinery, equipment or tools  
13 used in the constructing, maintaining, repairing, enlarging, furnishing or  
14 remodeling such facilities for TLC charities. When TLC charities contracts  
15 for the purpose of constructing, maintaining, repairing, enlarging,  
16 furnishing or remodeling such facilities, it shall obtain from the state and  
17 furnish to the contractor an exemption certificate for the project involved,  
18 and the contractor may purchase materials for incorporation in such  
19 project. The contractor shall furnish the number of such certificate to all  
20 suppliers from whom such purchases are made, and such suppliers shall  
21 execute invoices covering the same bearing the number of such certificate.  
22 Upon completion of the project the contractor shall furnish to TLC  
23 charities 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 incorporated into the building or other project  
31 reported and paid by such contractor to the director of taxation not later  
32 than the 20<sup>th</sup> 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, TLC charities shall be liable for tax on  
35 all materials purchased for the project, and upon payment thereof it may  
36 recover the same from the contractor together with reasonable attorney  
37 fees. Any contractor or any agent, employee or subcontractor thereof, who  
38 shall use or otherwise dispose of any materials purchased under such a  
39 certificate for any purpose other than that for which such a certificate is  
40 issued without the payment of the sales or compensating tax otherwise  
41 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
42 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
43 79-3615(h), and amendments thereto;

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

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

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

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

26 (dddd) all sales of tangible personal property or services purchased  
27 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
28 of which are exempt from federal income taxation pursuant to section  
29 501(c)(3) of the federal internal revenue code, for the purpose of providing  
30 education, training and employment opportunities for people with  
31 disabilities and other barriers to employment;

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

39 (ffff) all sales of tangible personal property and services purchased by  
40 sheltered living, inc., which is exempt from federal income taxation  
41 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
42 and which such property and services are used for the purpose of  
43 providing residential and day services for people with developmental

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

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

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

29 (iiii) all sales of tangible personal property or services purchased by a  
30 contractor for the purpose of constructing, maintaining, repairing,  
31 enlarging, furnishing or remodeling facilities for the operation of services  
32 for Wichita children's home for any such purpose that would be exempt  
33 from taxation under the provisions of this section if purchased directly by  
34 Wichita children's home. Nothing in this subsection shall be deemed to  
35 exempt the purchase of any construction machinery, equipment or tools  
36 used in the constructing, maintaining, repairing, enlarging, furnishing or  
37 remodeling such facilities for Wichita children's home. When Wichita  
38 children's home contracts for the purpose of constructing, maintaining,  
39 repairing, enlarging, furnishing or remodeling such facilities, it shall obtain  
40 from the state and furnish to the contractor an exemption certificate for the  
41 project involved, and the contractor may purchase materials for  
42 incorporation in such project. The contractor shall furnish the number of  
43 such certificate to all suppliers from whom such purchases are made, and



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

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

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

36 (llll) all sales of tangible personal property and services purchased by  
37 Gove county healthcare endowment foundation, inc., which is exempt  
38 from federal income taxation pursuant to section 501(c)(3) of the federal  
39 internal revenue code of 1986, and which such property and services are  
40 used for the purpose of constructing and equipping an airport in Quinter,  
41 Kansas, and all sales of tangible personal property or services purchased  
42 by a contractor for the purpose of constructing and equipping an airport in  
43 Quinter, Kansas, for such organization, that would be exempt from

1 taxation under the provisions of this section if purchased directly by such  
2 organization. Nothing in this subsection shall be deemed to exempt the  
3 purchase of any construction machinery, equipment or tools used in the  
4 constructing or equipping of facilities for such organization. When such  
5 organization shall contract for the purpose of constructing or equipping an  
6 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
7 contractor an exemption certificate for the project involved, and the  
8 contractor may purchase materials for incorporation in such project. The  
9 contractor shall furnish the number of such certificate to all suppliers from  
10 whom such purchases are made, and such suppliers shall execute invoices  
11 covering the same bearing the number of such certificate. Upon  
12 completion of the project, the contractor shall furnish to such organization  
13 concerned 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 such facilities or not to have been returned for credit or the  
19 sales or compensating tax otherwise imposed upon such materials that will  
20 not be so incorporated in such facilities reported and paid by such  
21 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
22 following the close of the month in which it shall be determined that such  
23 materials will not be used for the purpose for which such certificate was  
24 issued, such organization concerned shall be liable for tax on all materials  
25 purchased for the project, and upon payment thereof it may recover the  
26 same from the contractor together with reasonable attorney fees. Any  
27 contractor or any agent, employee or subcontractor thereof, who purchased  
28 under such a certificate for any purpose other than that for which such a  
29 certificate is issued without the payment of the sales or compensating tax  
30 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
31 and, upon conviction therefor, shall be subject to the penalties provided for  
32 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
33 subsection shall expire and have no effect on and after July 1, 2019;

34 (mmmm) all sales of gold or silver coins; and palladium, platinum,  
35 gold or silver bullion. For the purposes of this subsection, "bullion" means  
36 bars, ingots or commemorative medallions of gold, silver, platinum,  
37 palladium, or a combination thereof, for which the value of the metal  
38 depends on its content and not the form; ~~and~~

39 (nnnn) all sales of tangible personal property or services purchased  
40 by friends of hospice of Jefferson county, an organization that is exempt  
41 from federal income taxation pursuant to section 501(c)(3) of the federal  
42 internal revenue code of 1986, for the purpose of providing support to the  
43 Jefferson county hospice agency in end-of-life care of Jefferson county

1 families, friends and neighbors, and all sales of entry or participation fees,  
2 charges or tickets by friends of hospice of Jefferson county for such  
3 organization's fundraising event for such purpose; and

4 (0000) *all sales of tangible personal property or services purchased*  
5 ~~on or after July 1, 2022,~~ *for the purpose of and in conjunction with*  
6 *constructing, reconstructing, enlarging or remodeling a qualified business*  
7 *facility by a qualified firm or qualified supplier that meets the*  
8 *requirements established in sections 2 and 10, and amendments thereto,*  
9 *and that has been approved for a project exemption certificate by the*  
10 *secretary of commerce, and the sale and installation of machinery and*  
11 *equipment purchased by such qualified firm or qualified supplier for*  
12 *installation at any such qualified ~~building~~ business facility. When a person*  
13 *shall contract for the construction, reconstruction, enlargement or*  
14 *remodeling of any such qualified ~~building~~ business facility, such person*  
15 *shall obtain from the state and furnish to the contractor an exemption*  
16 *certificate for the project involved, and the contractor may purchase*  
17 *materials, machinery and equipment for incorporation in such project.*  
18 *The contractor shall furnish the number of such certificates to all*  
19 *suppliers from whom such purchases are made, and such suppliers shall*  
20 *execute invoices covering the same bearing the number of such certificate.*  
21 *Upon completion of the project, the contractor shall furnish to the owner*  
22 *of the qualified firm or qualified supplier a sworn statement, on a form to*  
23 *be provided by the director of taxation, that all purchases so made were*  
24 *entitled to exemption under this subsection. All invoices shall be held by*  
25 *the contractor for a period of five years and shall be subject to audit by*  
26 *the 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, "qualified business facility," "qualified*  
34 *firm" and "qualified supplier" mean the same as defined in section 1, and*  
35 *amendments thereto.*

36 ***{New Sec. 15. The secretary of commerce shall not enter into any***  
37 ***agreement with a qualified firm or qualified supplier pursuant to section***  
38 ***2, and amendments thereto, on and after March 31, 2023.}***

39 ~~Sec. 13-15. {16.}~~ ***K.S.A. 79-32,110 and K.S.A. 2021 Supp. 79-3606***  
40 ***is are*** hereby repealed.

41 ~~Sec. 14-16. {17.}~~ This act shall take effect and be in force from and  
42 after its publication in the Kansas register.