

**House Substitute for SENATE BILL No. 347**

By Committee on Commerce, Labor and Economic Development

2-7

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 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; adjusting the income tax on corporations by reducing the  
10 rate by 0.5% after a firm enters into an agreement under this act;  
11 limiting the number of agreements under this act with a qualified firm  
12 to one per year for two years; requiring state finance council approval  
13 of agreements; providing for reports to legislative committees;  
14 establishing the attracting powerful economic expansion payroll  
15 incentive fund, the attracting powerful economic expansion new  
16 employee training and education fund and the attracting powerful  
17 economic expansion Kansas residency incentive fund; amending  
18 K.S.A. 79-32,110 and K.S.A. 2021 Supp. 79-3606 and repealing the  
19 existing sections.

20  
21 *Be it enacted by the Legislature of the State of Kansas:*

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

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

25 (1) "Act" means the attracting powerful economic expansion act,  
26 sections 1 through 14, and amendments thereto.

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

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

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

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

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

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

7 (6) "Construction" means construction, reconstruction, enlarging or  
8 remodeling for the purpose of constructing a qualified business facility.

9 (7) "Department" means the Kansas department of commerce.

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

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

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

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

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

28 (11) "Qualified business facility" means a facility as defined in  
29 subparagraph (C) that satisfies the requirements of subparagraphs (A) and  
30 (B):

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

1 (B) If such facility was acquired or leased by the qualified firm from  
2 another person or persons, the facility was not used, either immediately  
3 prior to the transfer of title to the qualified firm, or to the commencement  
4 of the term of the lease to the qualified firm, by any other person or  
5 persons in the operation of a revenue producing enterprise that is the same  
6 or substantially the same as the revenue producing enterprise continued by  
7 the qualified firm at the facility.

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

15 (12) (A) "Qualified business facility employee" means an individual  
16 employed by a qualified firm or a qualified supplier at a qualified business  
17 facility project site, employed full-time and scheduled to work for an  
18 average minimum of 30 hours per week, employed for at least three  
19 consecutive months on the last day of the period covered by a Kansas  
20 department of labor quarterly wage report and unemployment tax return.

21 (B) "Qualified business facility employee" does not include an  
22 employee at a qualified business facility project site who has not been  
23 employed for three consecutive months.

24 (13) "Qualified business facility investment" or "qualified  
25 investment" means the value of the real and tangible personal property,  
26 except inventory or property held for sale to customers in the ordinary  
27 course of the qualified firm's or qualified supplier's business, that  
28 constitutes the qualified business facility, or that is used by the qualified  
29 firm or qualified supplier in the operation of the qualified business facility,  
30 including such property used for administrative or managerial functions,  
31 during the taxable years for which the credit allowed by sections 2 and 3,  
32 and amendments thereto, is claimed. "Qualified business facility  
33 investment" does not include any building, land, or other real or tangible  
34 personal property that is granted, leased or transferred to the qualified firm  
35 without cost to the qualified firm. Real or tangible personal property that is  
36 leased or transferred to the qualified firm at a cost of less than fair market  
37 value shall be reduced in value, for purposes of calculating the qualified  
38 business facility investment, by the difference in cost to the qualified firm  
39 and fair market value. The value of such property during such taxable year  
40 shall be:

41 (A) Such property's original cost if owned by the qualified firm or  
42 qualified supplier; or

43 (B) eight times the net annual rental rate, if leased by the qualified

1 firm or qualified supplier. The net annual rental rate shall be the annual  
2 rental rate paid by the qualified firm or qualified supplier less any annual  
3 rental rate received by the qualified firm or qualified supplier from  
4 subrentals. The "qualified business facility investment" shall be  
5 determined by dividing by 12 the sum of the total value of such property  
6 on the last business day of each calendar month of the taxable year.  
7 Notwithstanding the provisions of this paragraph, for the purpose of  
8 computing the credit allowed by section 3, and amendments thereto, in the  
9 case of a "qualified business facility investment" in a qualified business  
10 facility that existed and was operated by the qualified firm or qualified  
11 supplier or a related taxpayer prior to the investment, the amount of the  
12 qualified firm's or qualified supplier's investment shall be computed as  
13 follows: Such investment amount shall be reduced by the average amount,  
14 computed as provided in this paragraph, of the investment of the qualified  
15 firm or qualified supplier or a related taxpayer in the facility for the  
16 taxable year preceding the taxable year in which the "qualified business  
17 facility investment" was made in the facility.

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

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

- 22 (a) Advanced manufacturing;
- 23 (b) aerospace;
- 24 (c) distribution, logistics and transportation;
- 25 (d) food and agriculture; or
- 26 (e) professional and technical services;

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

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

33 (15) "Qualified supplier" means any business that is a supplier of  
34 components, sub-assemblies, chemicals or other process-related tangible  
35 goods, is located in Kansas and that is owned by:

36 (A) An individual, any partnership, association, limited liability  
37 corporation or corporation domiciled in Kansas; or

38 (B) any business, including any business owned by an individual, any  
39 partnership, association, limited liability corporation or corporation, even  
40 if the business is a wholly owned subsidiary of a foreign corporation, that  
41 operates the qualified supplier in the state of Kansas for the purpose of  
42 supplying a qualified firm.

43 (16) "Revenue producing enterprise" means an enterprise that creates

1 revenue subject to potential tax liability in this state.

2 (17) "Secretary" means the secretary of commerce.

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

8 (i) Flexible-spending plan;

9 (ii) deferred compensation plan; or

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

13 (B) "Total payroll cost" does not include company-paid costs for  
14 health insurance, dental insurance and any other employee benefits that are  
15 not reported to the Kansas department of labor on the employer's quarterly  
16 wage report and unemployment tax return.

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

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

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

28 (i) Wages of employees during eligible training;

29 (ii) employee instructors' salaries; and

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

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

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

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

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

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

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

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

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

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

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

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

20 (3) reimbursement of a percentage of eligible employee training and  
21 education expense pursuant to sections 7 and 8, and amendments thereto;  
22 and

23 (4) a sales tax exemption for construction costs of the qualified  
24 business facility pursuant to K.S.A. 79-3606, and amendments thereto, and  
25 section 9, and amendments thereto.

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

30 (1) Submit an application to the secretary in the form and manner  
31 prescribed by the secretary and including all information as required by the  
32 secretary;

33 (2) if requested by the secretary, prior to making a commitment to  
34 invest in a qualified business facility, submit a certificate of intent to invest  
35 in the qualified business facility to the secretary in the form and manner  
36 required by the secretary, including, if requested by the secretary, a date  
37 investment will commence;

38 (3) commit to a qualified business investment of at least  
39 \$1,000,000,000 in the qualified business facility to be completed within  
40 five years of the commitment to invest on such date specified in the  
41 agreement pursuant to paragraph (5);

42 (4) complete the project and commence commercial operations within  
43 five years of either the commitment to invest or the date of the agreement

1 with the secretary made pursuant to this section, as designated by the  
2 secretary and on such date as specified in the agreement pursuant to  
3 paragraph (5);

4 (5) if the application is approved by the secretary, enter into a binding  
5 agreement with the secretary with such terms and conditions as required  
6 by the secretary and including the commitments required by this act. The  
7 agreement shall be entered into before any benefits may be provided under  
8 this act. The agreement shall be subject to the approval of the state finance  
9 council as provided in subsection (e). The secretary shall not enter into an  
10 agreement with more than one qualified firm in calendar year 2022 and  
11 shall not enter into an agreement with more than one qualified firm in  
12 calendar year 2023. The secretary shall not enter into an agreement with  
13 any qualified firm after December 31, 2023;

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

29 (7) commit to repayment of any benefit or benefits received,  
30 connected to or associated with a term or a condition of the agreement that  
31 has been breached as determined by the secretary and to the forfeiture of  
32 any such earned benefits and the suspension or cessation of such future  
33 benefits for as long as the breach is not corrected. The secretary shall  
34 report any material breach of the terms and conditions of the agreement to  
35 the state finance council within 14 calendar days of the secretary first  
36 becoming aware of such breach.

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) or (4) 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 and amendments thereto, shall be awarded to the qualified supplier until

1 the commencement of such qualified firm's operations at the qualified  
2 business facility, as determined by the secretary. If the qualified business  
3 facility fails to commence operations as required by subsection (c)(4), all  
4 incentives that may have been awarded to the qualified supplier under this  
5 act shall be forfeited and the qualified supplier shall cease to be eligible for  
6 further benefits until the requirements of this act are met with respect to  
7 the same qualified firm that has entered into a new agreement with the  
8 secretary or a different qualified firm. To be eligible to receive benefits, a  
9 qualified supplier shall meet the requirements of this act, including any  
10 requirements or provisions specific to each such incentive, and any rules  
11 and regulations of the secretary 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 not be changed unless a qualified  
16 supplier selected by the qualified firm breaches the terms of an agreement  
17 under this act and is disqualified by the secretary. In such case, the  
18 qualified firm may select a replacement qualified supplier;

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. The agreement shall be subject to the approval of the state finance  
40 council, as provided in subsection (e); and

41 (5) commit to repayment of the amount of all benefits received under  
42 this act in the event the qualified supplier breaches the terms and  
43 conditions of the agreement entered into pursuant to paragraph (4).



1 (e) Any agreement with a qualified firm or qualified supplier pursuant  
2 to this section shall not be effective unless reviewed and approved by the  
3 affirmative vote of the governor and by a majority vote of the legislative  
4 members of the state finance council prior to the finalization of the  
5 agreement by the secretary. If the state finance council does not approve  
6 the agreement, the secretary shall not enter into the agreement, but may  
7 negotiate further with the firm and submit another proposed agreement for  
8 review and approval by the council, until an agreement approved by the  
9 council is finally executed or the secretary or the firm discontinues  
10 negotiations. The state finance council shall also affirmatively approve any  
11 increase of the total payroll benefit percentage, provided pursuant to  
12 section 5, and amendments thereto, to be allowed a qualified firm above  
13 7.5%, or such percentage greater than 7.5% shall not be effective. This  
14 matter is hereby characterized as a matter of legislative delegation and  
15 subject to the guidelines prescribed in K.S.A. 75-3711c, and amendments  
16 thereto, except that the state finance council is expressly granted the  
17 authority to act on this matter at any time, including when the legislature is  
18 in session. The secretary of commerce or any officer or employee of the  
19 department of commerce shall appear before the state finance council to  
20 provide testimony if requested by the state finance council.  
21 Notwithstanding the provisions of the Kansas open meetings act, any  
22 review, testimony or discussion of a proposed agreement shall not be open  
23 to the public. A vote on approval of an agreement shall be made in open  
24 session. However, the details of a proposed agreement need not be  
25 disclosed publicly. With respect to the state finance council, the proposed  
26 agreement, and any associated documentation or testimony pertaining to  
27 the proposed agreement, shall be confidential and shall not be subject to  
28 the Kansas open records act. The fact that a proposed agreement or its  
29 terms or associated documents or testimony has been referenced or  
30 reviewed by the state finance council shall not make the agreement or  
31 associated documents or testimony subject to the Kansas open records act  
32 with respect to any other agency. The provisions of this paragraph  
33 providing for confidentiality of records shall expire on July 1, 2027, unless  
34 the legislature acts to reenact such provisions pursuant to K.S.A. 45-229,  
35 and amendments thereto.

36 (f) A qualified firm or qualified supplier that is approved by the  
37 secretary for incentives under this act shall not be eligible for participation  
38 in any other economic development program or fund administered by the  
39 secretary of commerce, including, but not limited to, the STAR bond  
40 program, the promoting employment across Kansas program, the high  
41 performance incentive program or the Kansas industrial training or Kansas  
42 industrial retraining programs.

43 (g) As a condition of receiving an incentive under this act, a qualified

1 firm or qualified supplier shall agree to cooperate with any audit  
2 undertaken by the secretary of revenue as provided by subsection (i) and to  
3 provide the secretary of commerce:

4 (1) Information required for publication in the economic development  
5 incentive program information database pursuant to K.S.A. 2021 Supp. 74-  
6 50,226, and amendments thereto;

7 (2) information reasonably required for the secretary's report pursuant  
8 to section 10, and amendments thereto;

9 (3) information required by the secretary of commerce or the  
10 secretary of revenue pursuant to subsections (h) and (i); and

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

13 (h) (1) The secretary shall conduct an annual review of the activities  
14 undertaken by a qualified firm or qualified supplier to ensure that the  
15 qualified firm or qualified supplier remains in good standing with the state  
16 and in compliance with the provisions of this act, any rules and regulations  
17 adopted by the secretary with respect to this act and any agreement entered  
18 into pursuant to this act and continues to meet the requirements for the  
19 benefits provided under this act. The secretary of commerce shall certify  
20 annually to the secretary of revenue that the qualified firm meets the  
21 criteria for designation as a qualified firm and is eligible for such benefits.  
22 The secretary of commerce may obtain any and all information reasonably  
23 necessary to determine such eligibility. Such information shall be  
24 confidential to the same extent as information provided to the secretary to  
25 determine eligibility pursuant to K.S.A. 74-50,131, and amendments  
26 thereto.

27 (2) Confidential financial information, any trade secret or other  
28 information that, if known, would place the qualified firm at a  
29 disadvantage in the marketplace or would significantly interfere with the  
30 purposes of this act in the judgment of the secretary that is obtained under  
31 this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et  
32 seq., and amendments thereto, but shall upon request be made available to  
33 the legislative post audit division. The provisions of this paragraph shall  
34 expire on July 1, 2027, unless the legislature reviews and reenacts such  
35 provisions pursuant to K.S.A. 45-229, and amendments thereto.

36 (i) The books and records concerning investments made, sales,  
37 employment and wages of any employees for which the qualified firm,  
38 qualified supplier or third party has retained any Kansas payroll  
39 withholding taxes or any other financial, employee or other records that  
40 pertain to eligibility for benefits or compliance with the requirements of  
41 this act shall be available for inspection by the secretary or the secretary's  
42 duly authorized agents or employees during business hours on at least 10  
43 days' prior written notice. The secretary may request the department of

1 revenue to audit the qualified firm or qualified supplier, or a third party if  
2 applicable, for compliance with the provisions of this act.

3 (j) The secretary of revenue, in consultation with the secretary of  
4 commerce, shall develop a form that shall be completed annually by any  
5 qualified firm or qualified supplier that received any tax benefit pursuant  
6 to this section and section 3 or 4, and amendments thereto. Such form shall  
7 request, at a minimum, the information required by K.S.A. 79-32,243(a)(1)  
8 through (a)(6), and amendments thereto, and such other information as  
9 shall reasonably be required by the secretary of revenue and the secretary  
10 of commerce. The contents of the completed form shall be confidential  
11 except as provided in K.S.A. 79-3234, and amendments thereto.

12 (k) (1) In addition to the provisions of subsection (c)(7) and any other  
13 repayment requirement pursuant to this act, as a condition of receiving  
14 benefits under this act, a qualified firm that relocates its qualified business  
15 facility operations outside this state in the 10<sup>th</sup> through the 15<sup>th</sup> year next  
16 following the year the qualified firm entered into the agreement with the  
17 secretary pursuant to subsection (c)(5), shall be subject to a benefit  
18 repayment requirement to the state in the amount of:

19 (A) 100% of all benefits received if the relocation occurs in the 11th  
20 year;

21 (B) 80% of all benefits received if the relocation occurs in the 12th  
22 year;

23 (C) 60% of all benefits received if the relocation occurs in the 13th  
24 year;

25 (D) 40% of all benefits received if the relocation occurs in the 14th  
26 year; and

27 (E) 20% of all benefits received if the relocation occurs in the 15th  
28 year.

29 (2) The amount due to the state shall be paid pursuant to a repayment  
30 schedule and with interest as determined by the secretary and set forth in  
31 the agreement pursuant to subsection (c)(5), but in no event shall be paid  
32 in more than 10 years.

33 (3) The benefit repayment requirement shall be waived if the  
34 qualified firm sells the qualified business facility to another business and  
35 the operations of the qualified business facility are substantially continued  
36 in this state by such business, as determined by the secretary of commerce.

37 (l) The secretary of commerce or the secretary of revenue may adopt  
38 rules and regulations for the implementation of this act.

39 New Sec. 3. (a) (1) For taxable years commencing after December  
40 31, 2021, a qualified firm that makes a qualified business investment in a  
41 qualified business facility and meets the requirements of section 2, and  
42 amendments thereto, and of this section shall be allowed a credit for such  
43 investment as provided by this section against the tax imposed by the

1 Kansas income tax act, the premium tax or privilege fees imposed  
2 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
3 measured by the net income of financial institutions imposed pursuant to  
4 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
5 thereto. The credit shall be earned by the taxpayer each taxable year based  
6 on the amount of the qualified investment made in that taxable year as  
7 further provided in this section. The amount of the credit that is earned  
8 each taxable year shall not be claimed by the taxpayer in the taxable year  
9 that such credit is earned but shall be divided into 10 equal portions or  
10 installments. A  $\frac{1}{10}$  portion or installment shall be claimed by the qualified  
11 firm commencing with the taxable year after the credit is earned and an  
12 equivalent amount of such portion or installment, respectively, shall be  
13 claimed in each of the next successive nine taxable years.

14 (2) The amount of the tax credit earned in a taxable year pursuant to  
15 this subsection shall be up to 15%, at the discretion of the secretary, of the  
16 amount of the qualified investment that is invested during such taxable  
17 year. In determining such percentage, the secretary shall consider factors  
18 including the extent of prospective new employment, the quality of new  
19 jobs and wage or salary levels, the total amount of investment, the  
20 potential for development of the industry in this state and the potential for  
21 ancillary industry development and indirect economic development. The  
22 secretary shall also consider factors pursuant to subsection (d). Such  
23 percentage shall be set forth in the agreement pursuant to section 2, and  
24 amendments thereto. The total qualified investment shall be completed  
25 within five years commencing from the date specified in such agreement.  
26 The total amount of the qualified investment shall be at least  
27 \$1,000,000,000. The qualified firm shall repay to the state all tax credits  
28 received if the total qualified investment is not completed.

29 (b) (1) For taxable years commencing after December 31, 2021, a  
30 qualified supplier that makes a qualified investment and meets the  
31 requirements of section 2, and amendments thereto, and of this section  
32 shall be allowed a credit for such investment as provided by this section  
33 against the tax imposed by the Kansas income tax act, the premium tax or  
34 privilege fees imposed pursuant to K.S.A. 40-252, and amendments  
35 thereto, or the privilege tax as measured by the net income of financial  
36 institutions imposed pursuant to article 11 of chapter 79 of the Kansas  
37 Statutes Annotated, and amendments thereto. The credit shall be earned by  
38 the taxpayer for up to two calendar years from the date that the qualified  
39 supplier enters into the agreement with the secretary of commerce  
40 pursuant to section 2, and amendments thereto, unless all qualifying  
41 investment that is intended by the qualified supplier is completed before  
42 this date. The credit shall be taken in the earlier taxable year that would  
43 include either:

1 (A) The tax year following the two-calendar year expiration from  
2 entering into the agreement with the secretary; or

3 (B) the tax year after the calendar year that the qualified supplier  
4 determines completion of the tax credit eligible qualified investment.

5 (2) The amount of the tax credit shall be 5% for the first \$50,000,000  
6 in qualified investment and an additional 1% credit for each additional  
7 \$10,000,000 in qualified investment up to a maximum of \$100,000,000 in  
8 qualified investment. The amount of the credit that is earned shall be  
9 divided into ten equal portions or installments. A  $\frac{1}{10}$  portion or installment  
10 shall first be claimed commencing with the time frame set forth in  
11 paragraph (1). Such remaining portions or installments shall be claimed in  
12 each of the next successive nine taxable years.

13 (3) Only the first five qualified suppliers designated by a qualified  
14 firm pursuant to section 2, and amendments thereto, shall qualify for the  
15 credit unless a previously designated qualified supplier breaches terms of  
16 an agreement with either the qualified firm or department of commerce  
17 and is replaced by a succeeding qualified supplier. The qualified supplier  
18 that serves as replacement shall be eligible for the tax credit pursuant to  
19 this subsection.

20 (4) The qualified supplier shall repay to the state all tax credits  
21 received if the total qualified investment is not completed as provided  
22 pursuant to section 2, and amendments thereto.

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

41 (d) The base percentage that may be refundable in each taxable year  
42 of the  $\frac{1}{10}$  portion of an earned tax credit that may be claimed, as provided  
43 by subsection (a), shall be 50%. The secretary may provide for an

1 additional percentage that may be refundable up to 100% of the total  
2 eligible earned credit. The secretary shall base the additional percentage on  
3 the qualified firm meeting specified goals that shall be set forth in the  
4 agreement. Such goals shall include targets for the:

- 5 (1) Creation of new jobs, including new jobs for suppliers;
- 6 (2) benefit to the local, regional or state economy, including the  
7 development of suppliers in Kansas;
- 8 (3) amount of capital investment;
- 9 (4) benefit to the development of the qualified firm's industry in  
10 Kansas;
- 11 (5) other measures or goals, if any, of the secretary consistent with the  
12 purposes of this act; and
- 13 (6) employment, retention and attraction of employees to remain  
14 residents of, or relocate to, Kansas.

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

25 (f) If the qualified firm or qualified supplier breaches the terms and  
26 conditions of the agreement pursuant to section 2, and amendments  
27 thereto, the qualified firm or qualified supplier shall be liable for  
28 repayment of the amount of the tax credits to the state as provided by  
29 section 2, and amendments thereto.

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

36 New Sec. 4. (a) For taxable years commencing after December 31,  
37 2021, a qualified supplier that meets the requirements of section 2, and  
38 amendments thereto, and this section may be eligible to retain up to 65%,  
39 as determined by the secretary, of the qualified supplier's Kansas payroll  
40 withholding taxes under the Kansas withholding and declaration of  
41 estimated tax act for the qualified supplier's employees in a taxable year  
42 that such requirements are met. This benefit shall be available for a period  
43 of up to 10 successive taxable years. In determining the percentage and

1 number of successive years, the secretary shall, at a minimum, consider  
2 the factors set forth in sections 3(b) and (d), and amendments thereto, as  
3 applicable. Qualified suppliers that have been selected by a qualified firm  
4 for benefit eligibility, and that meet the sales amount requirement, as  
5 provided by section 2, and amendments thereto, may be eligible to earn  
6 benefits of this section prior to the qualified firm's commencement of  
7 commercial operations at the qualified business facility. Any benefits shall  
8 only be awarded after the qualified firm that has selected the qualified  
9 supplier for benefit eligibility commences commercial operations.

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

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

15 (2) performs such services in Kansas; and

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

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

30 (d) The agreement between the secretary of commerce and the  
31 qualified supplier shall specify that, if the qualified supplier breaches the  
32 terms and conditions set forth in the agreement, the qualified supplier shall  
33 be required to remit to the state an amount equal to the aggregate Kansas  
34 payroll withholding taxes retained by the qualified supplier, or remitted to  
35 the qualified supplier by a third party, as provided by section 2, and  
36 amendments thereto.

37 (e) For each year that the agreement is in effect, the secretary of  
38 commerce shall certify to the secretary of revenue:

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

41 (2) the number of employees;

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

43 (4) the percentage of payroll withholding taxes to be retained by the

1 qualified supplier.

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

8 (g) The secretary of revenue and the secretary of commerce shall  
9 cooperate to develop and coordinate procedures to implement the  
10 provisions of this act.

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

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

18 (1) Enters into an agreement with the secretary as provided in section  
19 2, and amendments thereto;

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

21 (3) commences commercial operations at the qualified business  
22 facility.

23 (c) The amount of the reimbursement each year shall be up to 7.5%,  
24 as allowed by the secretary, of the total payroll costs for that year, as  
25 determined by the secretary. The secretary may grant such reimbursement  
26 for up to 10 successive years. In determining the percentage and number of  
27 successive years, the secretary shall, at a minimum, consider the factors set  
28 forth in sections 3(b) and (d), and amendments thereto, as applicable. The  
29 secretary may grant an additional increase in reimbursement of such costs  
30 up to a maximum total benefit of 10% of the eligible total payroll costs for  
31 a year for up to 10 successive years, if such percentage increase and  
32 number of years is approved by the state finance council as provided in  
33 subsection (d).

34 (d) The maximum reimbursement pursuant to this section that may be  
35 awarded in the secretary's discretion shall be 7.5% for 10 successive years.  
36 Prior to finalization of an agreement pursuant to section 2, and  
37 amendments thereto, the secretary may seek approval by the state finance  
38 council of an increased benefit percentage up to 10% for up to 10  
39 successive years, pursuant to the provisions of section 2(e), and  
40 amendments thereto. Such approval shall require the affirmative vote of  
41 the governor and the majority of the legislative members of the state  
42 finance council. This matter is hereby characterized as a matter of  
43 legislative delegation and subject to the guidelines prescribed in K.S.A.



1 75-3711c, and amendments thereto, except that the state finance council is  
2 expressly granted the authority to act on this matter at any time, including  
3 when the legislature is in session. Upon such approval, the secretary may  
4 incorporate terms providing for the additional benefit as approved by the  
5 state finance council into an agreement.

6 (e) To be eligible for the reimbursement, the qualified firm shall  
7 submit an application to the secretary in the form and manner required by  
8 the secretary and provide all information requested by the secretary. If  
9 approved by the secretary, the qualified firm shall enter into an agreement  
10 with the secretary with such terms and conditions as required by the  
11 secretary and this section.

12 (f) No claim for a reimbursement shall be paid unless the:

13 (1) Qualified firm has met all requirements of section 2, and  
14 amendments thereto, including entering into an agreement with the  
15 secretary of commerce that includes a commitment to make a qualified  
16 investment in the qualified business facility of at least \$1,000,000,000  
17 within a period of five years;

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

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

27 (g) Subject to appropriations therefor, the allowable amount of such  
28 claim as determined by the secretary shall be paid to the qualified firm  
29 from the attracting powerful economic expansion payroll incentive fund,  
30 established by section 6, and amendments thereto, upon warrants of the  
31 director of accounts and reports pursuant to vouchers approved by the  
32 secretary or by any person designated by the secretary. No interest shall be  
33 allowed on any payment made to a qualified firm pursuant to this section.

34 (h) If the qualified firm breaches the terms and conditions of the  
35 agreement pursuant to section 2, and amendments thereto, the  
36 reimbursements of total payroll costs pursuant to this section shall be  
37 repaid to the state as provided by section 2, and amendments thereto.

38 New Sec. 6. There is hereby established in the state treasury the  
39 attracting powerful economic expansion payroll incentive fund to be  
40 administered by the secretary of commerce. All moneys credited to the  
41 attracting powerful economic expansion payroll incentive fund shall be  
42 used by the Kansas department of commerce for partial reimbursement to  
43 qualified firms for total payroll costs pursuant to the provisions of sections

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

6 New Sec. 7. (a) On and after July 1, 2022, a qualified firm or a  
7 qualified supplier that meets the requirements of section 2, and  
8 amendments thereto, and this section and that has entered into an  
9 agreement with the secretary, as provided by section 2, and amendments  
10 thereto, may be eligible for reimbursement of up to 50% of training and  
11 education eligible expenses for training or education completed for new  
12 employees in each year for up to five successive years, as determined by  
13 the secretary and as provided by this section. The maximum amount of  
14 reimbursement paid to a qualified supplier shall be \$250,000 per year. The  
15 maximum amount of reimbursement paid to a qualified firm shall be  
16 \$5,000,000 per year. In determining the percentage, the number of  
17 successive years and the maximum annual amount as limited by this  
18 subsection, the secretary shall, at a minimum, consider the factors set forth  
19 in sections 3(b) and (d), and amendments thereto, as applicable.

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

25 (2) Qualified suppliers shall be eligible commencing with the year in  
26 which the qualified firm selected the qualified supplier for benefit  
27 eligibility pursuant to section 2, and amendments thereto. Only training  
28 and education expenses for new employees employed at a qualified  
29 business facility of the qualified supplier that is located and operating in  
30 Kansas shall be eligible for reimbursement. A qualified supplier shall not  
31 be awarded such benefits until the qualified business facility of the  
32 qualified firm commences commercial operations.

33 (c) The qualified firm or qualified supplier shall submit an application  
34 to the secretary in the form and manner required by the secretary and  
35 provide all information requested by the secretary, as provided by section  
36 2, and amendments thereto. If approved by the secretary, the qualified firm  
37 or qualified supplier shall enter into an agreement with the secretary with  
38 such terms and conditions as may be required by the secretary and  
39 commitments required by this act, as provided pursuant to section 2, and  
40 amendments thereto. The agreement shall set forth the maximum amount  
41 of the incentive that may be received each year, as limited by subsection  
42 (a), and shall require an annual showing of eligibility, including evidence  
43 showing the number of new hires and amount of eligible training and

1 education expense, for each year the incentive is claimed.

2 (d) Subject to appropriations therefor, reimbursement in the amount  
3 approved by the secretary and pursuant to the terms of the agreement and  
4 the limitations of subsection (a) shall be made by the secretary from the  
5 attracting powerful economic expansion new employee training and  
6 education fund established in section 8, and amendments thereto, in  
7 accordance with appropriation acts upon warrants of the director of  
8 accounts and reports issued pursuant to vouchers approved by the  
9 secretary of commerce or the secretary's designee.

10 (e) No reimbursement shall be issued unless the qualified firm or the  
11 qualified supplier has been certified by the secretary, as provided in section  
12 2, and amendments thereto, as meeting all requirements of this act, any  
13 rules and regulations of the secretary and the agreement executed pursuant  
14 to section 2, and amendments thereto.

15 (f) If the qualified firm or qualified supplier breaches the terms and  
16 conditions of the agreement pursuant to section 2, and amendments  
17 thereto, reimbursements shall be repaid to the state as provided by section  
18 2, and amendments thereto.

19 New Sec. 8. There is hereby established in the state treasury the  
20 attracting powerful economic expansion new employee training and  
21 education fund to be administered by the secretary of commerce. All  
22 moneys credited to the attracting powerful economic expansion new  
23 employee training and education fund shall be used by the Kansas  
24 department of commerce for reimbursement to qualified firms and  
25 qualified suppliers for training and education eligible expenses pursuant to  
26 the provisions of sections 2 and 7, and amendments thereto. All  
27 expenditures from the attracting powerful economic expansion new  
28 employee training and education fund shall be made in accordance with  
29 appropriation acts upon warrants of the director of accounts and reports  
30 issued pursuant to vouchers approved by the secretary of commerce or the  
31 secretary's designee.

32 New Sec. 9. (a) On and after the effective date of this act, a qualified  
33 firm or a qualified supplier that meets the requirements of section 2, and  
34 amendments thereto, and this section may be eligible for a sales tax  
35 exemption under the provisions of K.S.A. 79-3606(oooo), and  
36 amendments thereto.

37 (b) (1) Qualified firms that satisfy the requirements set forth in  
38 subsection (c) shall

39 qualify for the sales tax exemption commencing on the date the  
40 qualified firm commences construction of the qualified business facility, as  
41 determined by the secretary of commerce, or an earlier date if agreed by  
42 the secretary and incorporated into the agreement pursuant to section 2,  
43 and amendments thereto.

1 (2) Qualified suppliers that satisfy the requirements set forth in  
2 subsection (c) shall qualify for the sales tax exemption commencing on the  
3 date that the qualified firm selected the qualified supplier for benefit  
4 eligibility pursuant to section 2, and amendments thereto. The secretary of  
5 commerce shall certify to the secretary of revenue that a qualified supplier  
6 is eligible and the date of eligibility of the qualified supplier.

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

25 (d) A sales tax exemption shall be revoked by the secretary of  
26 revenue upon notification by the secretary of commerce that the qualified  
27 firm or qualified supplier has been disapproved by the secretary of  
28 commerce.

29 (e) If the qualified firm or qualified supplier breaches the terms and  
30 conditions of the agreement pursuant to section 2, and amendments  
31 thereto, the amount of sales tax exempted shall be repaid to the state as  
32 provided by section 2, and amendments thereto.

33 New Sec. 10. (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 cumulative number of new employees hired and the new  
3 employees hired in that calendar year, with respect to each qualified firm  
4 and qualified supplier;

5 (5) the number of employees who reside in Kansas and the number of  
6 employees who reside in other states, designated with respect to each other  
7 state and, if available, the number of employees who have relocated to  
8 Kansas from another state;

9 (6) the wages paid for such new employees;

10 (7) the annual and cumulative amount of investments made;

11 (8) the annual amount of each benefit provided under this act;

12 (9) the estimated net state fiscal impact, including the direct and  
13 indirect new state taxes derived from the new employees hired;

14 (10) an estimate of the multiplier effect on the Kansas economy of the  
15 benefits received under this act;

16 (11) any material defaults by a qualified firm or qualified supplier of  
17 the terms of any agreement pursuant to section 2, and amendments thereto;  
18 and

19 (12) the percentage of the business of a qualified supplier that is with  
20 the qualified firm that designated the qualified supplier.

21 (b) Commencing on the effective date of this act, the secretary of  
22 commerce shall transmit quarterly to the chairpersons of the senate  
23 standing committee on commerce and the house of representatives  
24 standing committee on commerce, labor and economic development, or  
25 any successor committee, a report on the number of projects that may  
26 qualify for incentives under this act.

27 New Sec. 11. (a) Commencing with fiscal year 2022, in any fiscal  
28 year that a qualified firm enters into an agreement with the secretary of  
29 commerce for the first time pursuant to section 2, and amendments thereto,  
30 and commences construction on a qualified business facility under this act  
31 the secretary of commerce shall certify such fact to the secretary of  
32 revenue, the director of the budget and the director of legislative research.  
33 Such certification shall be made when such fact is known to the secretary,  
34 but in any event on or before June 30 of such fiscal year.

35 (b) Upon receipt of such certification, the secretary of revenue shall  
36 adjust the corporate income tax rate imposed pursuant to the provisions of  
37 K.S.A. 79-32,110, and amendments thereto, to go into effect for the next  
38 tax year by reducing the rate by 0.5%. The maximum reduction to be  
39 applied for one taxable year shall be 0.5% regardless of the number of  
40 eligible qualifying firms that may have satisfied the conditions of  
41 subsection (a).

42 (c) The rate reduction of 0.5% shall be applied to reduce the normal  
43 tax on corporations imposed pursuant to K.S.A. 79-32,110, and

1 amendments thereto, until reduced to 0%.

2 (d) The secretary of revenue shall report any reduction in corporate  
3 income tax rates pursuant to this section to the chairpersons of the senate  
4 standing committees on assessment and taxation and commerce, the  
5 chairpersons of the house of representatives standing committees on  
6 commerce, labor and economic development and taxation and the  
7 governor, and shall cause notice of any such reduction to be published in  
8 the Kansas register prior to September 15 of the calendar year immediately  
9 preceding the tax year in which such reduction takes effect.

10 New Sec. 12. (a) On and after July 1, 2022, a qualified firm that  
11 meets the requirements of this section and section 2, and amendments  
12 thereto, and that has entered into an agreement with the secretary, as  
13 provided by section 2, and amendments thereto, shall be eligible for annual  
14 reimbursement of up to 50% of relocation incentives and expenses  
15 provided by the qualified firm to incentivize employees who are not  
16 Kansas residents to relocate their primary residence to this state and  
17 become Kansas residents. Reimbursement for such eligible incentives and  
18 expenses shall not exceed an annual reimbursement amount of \$1,000,000  
19 to the qualified firm, as determined by the secretary. Reimbursement for  
20 such eligible incentives and expenses may be provided for up to ten  
21 successive years, as determined by the secretary.

22 (b) The qualified firm shall submit to the secretary a Kansas  
23 residency incentive plan for which it will seek reimbursement and the  
24 expected costs for each component of the plan. The reimbursement  
25 percentage shall be subject to the qualified firm meeting goals for  
26 incentivizing employees to become new Kansas residents as determined by  
27 the secretary. If the secretary approves the plan, the qualified firm and the  
28 secretary shall enter into an agreement that requires the qualified firm to  
29 provide annual documentation of the relocation incentive expenditures and  
30 the results of such expenditures to the secretary. No reimbursement shall  
31 be made unless the secretary of commerce has certified, for each year for  
32 which a reimbursement is claimed, that the qualified firm meets all  
33 requirements of this act, the rules and regulations of the secretary and the  
34 agreements entered into pursuant to this section and section 2, and  
35 amendments thereto.

36 (c) The qualified firm shall remit to the state an amount equal to the  
37 amount of benefits provided to the qualified firm pursuant to this section  
38 upon any breach by the qualified firm of the terms and conditions set forth  
39 in the agreement entered into pursuant to this section or section 2, and  
40 amendments thereto. The agreement between the secretary of commerce  
41 and the qualified firm entered into pursuant to this section and section 2,  
42 and amendments thereto, shall specify such repayment requirements in  
43 such agreement.

1 (d) Subject to appropriations therefor, the allowable amount of  
2 reimbursement shall be paid to the qualified firm from the attracting  
3 powerful economic expansion Kansas residency incentive fund,  
4 established by section 13, and amendments thereto. No interest shall be  
5 allowed on any payment made to a qualified firm pursuant to this section.

6 New Sec. 13. There is hereby established in the state treasury the  
7 attracting powerful economic expansion Kansas residency incentive fund  
8 to be administered by the secretary of commerce. All moneys credited to  
9 the attracting powerful economic expansion Kansas residency incentive  
10 fund shall be used by the Kansas department of commerce for  
11 reimbursement to qualified firms for expenses incurred in a Kansas  
12 residency incentive plan for employees pursuant to the provisions of  
13 sections 2 and 12, and amendments thereto. All expenditures from the  
14 attracting powerful economic expansion Kansas residency incentive fund  
15 shall be made in accordance with appropriation acts upon warrants of the  
16 director of accounts and reports issued pursuant to vouchers approved by  
17 the secretary of commerce or the secretary's designee.

18 New Sec. 14. The secretary of commerce shall not consider a new  
19 application, proceed with an application that has been submitted or enter  
20 into any agreement with a qualified firm or qualified supplier pursuant to  
21 section 2, and amendments thereto, on and after May 1, 2024.

22 Sec. 15. K.S.A. 79-32,110 is hereby amended to read as follows: 79-  
23 32,110. (a) Resident Individuals. Except as otherwise provided by K.S.A.  
24 79-3220(a), and amendments thereto, a tax is hereby imposed upon the  
25 Kansas taxable income of every resident individual, which tax shall be  
26 computed in accordance with the following tax schedules:

27 (1) Married individuals filing joint returns.

28 (A) For tax year 2012:

29 If the taxable income is:	The tax is:
30 Not over \$30,000.....	3.5% of Kansas taxable income
31 Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess 32 over \$30,000
33 Over \$60,000.....	\$2,925 plus 6.45% of excess 34 over \$60,000

35 (B) For tax year 2013:

36 If the taxable income is:	The tax is:
37 Not over \$30,000.....	3.0% of Kansas taxable income
38 Over \$30,000.....	\$900 plus 4.9% of excess over 39 \$30,000

40 (C) For tax year 2014:

41 If the taxable income is:	The tax is:
42 Not over \$30,000.....	2.7% of Kansas taxable income
43 Over \$30,000.....	\$810 plus 4.8% of excess over

1		\$30,000
2	(D) For tax years 2015 and 2016:	
3	If the taxable income is:	The tax is:
4	Not over \$30,000.....	2.7% of Kansas taxable income
5	Over \$30,000.....	\$810 plus 4.6% of excess over
6		\$30,000
7	(E) For tax year 2017:	
8	If the taxable income is:	The tax is:
9	Not over \$30,000.....	2.9% of Kansas taxable income
10	Over \$30,000 but not over \$60,000.....	\$870 plus 4.9% of excess over
11		\$30,000
12	Over \$60,000.....	\$2,340 plus 5.2% of excess over
13		\$60,000
14	(F) For tax year 2018, and all tax years thereafter:	
15	If the taxable income is:	The tax is:
16	Not over \$30,000.....	3.1% of Kansas taxable income
17	Over \$30,000 but not over \$60,000.....	\$930 plus 5.25% of excess
18		over \$30,000
19	Over \$60,000.....	\$2,505 plus 5.7% of excess
20		over \$60,000
21	(2) All other individuals.	
22	(A) For tax year 2012:	
23	If the taxable income is:	The tax is:
24	Not over \$15,000.....	3.5% of Kansas taxable income
25	Over \$15,000 but not over \$30,000.....	\$525 plus 6.25% of excess
26		over \$15,000
27	Over \$30,000.....	\$1,462.50 plus 6.45% of excess
28		over \$30,000
29	(B) For tax year 2013:	
30	If the taxable income is:	The tax is:
31	Not over \$15,000.....	3.0% of Kansas taxable income
32	Over \$15,000.....	\$450 plus 4.9% of excess over
33		\$15,000
34	(C) For tax year 2014:	
35	If the taxable income is:	The tax is:
36	Not over \$15,000.....	2.7% of Kansas taxable income
37	Over \$15,000.....	\$405 plus 4.8% of excess over
38		\$15,000
39	(D) For tax years 2015 and 2016:	
40	If the taxable income is:	The tax is:
41	Not over \$15,000.....	2.7% of Kansas taxable income
42	Over \$15,000.....	\$405 plus 4.6% of excess over
43		\$15,000



1 (E) For tax year 2017:

2	If the taxable income is:	The tax is:
3	Not over \$15,000.....	2.9% of Kansas taxable income
4	Over \$15,000 but not over \$30,000.....	\$435 plus 4.9% of excess over
5		\$15,000
6	Over \$30,000.....	\$1,170 plus 5.2% of excess over
7		\$30,000

8 (F) For tax year 2018, and all tax years thereafter:

9	If the taxable income is:	The tax is:
10	Not over \$15,000.....	3.1% of Kansas taxable income
11	Over \$15,000 but not over \$30,000.....	\$465 plus 5.25% of excess
12		over \$15,000
13	Over \$30,000.....	\$1,252.50 plus 5.7% of excess
14		over \$30,000

15 (b) Nonresident Individuals. A tax is hereby imposed upon the Kansas  
16 taxable income of every nonresident individual, which tax shall be an  
17 amount equal to the tax computed under subsection (a) as if the  
18 nonresident were a resident multiplied by the ratio of modified Kansas  
19 source income to Kansas adjusted gross income.

20 (c) Corporations. A tax is hereby imposed upon the Kansas taxable  
21 income of every corporation doing business within this state or deriving  
22 income from sources within this state. Such tax shall consist of a normal  
23 tax and a surtax and shall be computed as follows *unless otherwise*  
24 *modified pursuant to section 11, and amendments thereto*:

25 (1) The normal tax shall be in an amount equal to 4% of the Kansas  
26 taxable income of such corporation; and

27 ~~(2)-(A) for tax year 2008, the surtax shall be in an amount equal to~~  
28 ~~3.1% of the Kansas taxable income of such corporation in excess of~~  
29 ~~\$50,000;~~

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

33 ~~(C) for tax year 2011, and all tax years thereafter, The surtax shall be~~  
34 ~~in an amount equal to 3% of the Kansas taxable income of such~~  
35 ~~corporation in excess of \$50,000.~~

36 (d) Fiduciaries. A tax is hereby imposed upon the Kansas taxable  
37 income of estates and trusts at the rates provided in subsection (a)(2)  
38 hereof.

39 (e) Notwithstanding the provisions of subsections (a) and (b): (1) For  
40 tax years 2016 and 2017, married individuals filing joint returns with  
41 taxable income of \$12,500 or less, and all other individuals with taxable  
42 income of \$5,000 or less, shall have a tax liability of zero; and (2) for tax  
43 year 2018, and all tax years thereafter, married individuals filing joint

1 returns with taxable income of \$5,000 or less, and all other individuals  
2 with taxable income of \$2,500 or less, shall have a tax liability of zero.

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

7 Sec. 16. K.S.A. 2021 Supp. 79-3606 is hereby amended to read as  
8 follows: 79-3606. The following shall be exempt from the tax imposed by  
9 this act:

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

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

39 (c) all sales of tangible personal property or services, including the  
40 renting and leasing of tangible personal property, purchased directly by a  
41 public or private elementary or secondary school or public or private  
42 nonprofit educational institution and used primarily by such school or  
43 institution for nonsectarian programs and activities provided or sponsored

1 by such school or institution or in the erection, repair or enlargement of  
2 buildings to be used for such purposes. The exemption herein provided  
3 shall not apply to erection, construction, repair, enlargement or equipment  
4 of buildings used primarily for human habitation, except that such  
5 exemption shall apply to the erection, construction, repair, enlargement or  
6 equipment of buildings used for human habitation by the cerebral palsy  
7 research foundation of Kansas located in Wichita, Kansas, and multi  
8 community diversified services, incorporated, located in McPherson,  
9 Kansas;

10 (d) all sales of tangible personal property or services purchased by a  
11 contractor for the purpose of constructing, equipping, reconstructing,  
12 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
13 any public or private nonprofit hospital or public hospital authority, public  
14 or private elementary or secondary school, a public or private nonprofit  
15 educational institution, state correctional institution including a privately  
16 constructed correctional institution contracted for state use and ownership,  
17 that would be exempt from taxation under the provisions of this act if  
18 purchased directly by such hospital or public hospital authority, school,  
19 educational institution or a state correctional institution; and all sales of  
20 tangible personal property or services purchased by a contractor for the  
21 purpose of constructing, equipping, reconstructing, maintaining, repairing,  
22 enlarging, furnishing or remodeling facilities for any political subdivision  
23 of the state or district described in subsection (s), the total cost of which is  
24 paid from funds of such political subdivision or district and that would be  
25 exempt from taxation under the provisions of this act if purchased directly  
26 by such political subdivision or district. Nothing in this subsection or in  
27 the provisions of K.S.A. 12-3418, and amendments thereto, shall be  
28 deemed to exempt the purchase of any construction machinery, equipment  
29 or tools used in the constructing, equipping, reconstructing, maintaining,  
30 repairing, enlarging, furnishing or remodeling facilities for any political  
31 subdivision of the state or any such district. As used in this subsection,  
32 K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a  
33 political subdivision" shall mean general tax revenues, the proceeds of any  
34 bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the  
35 purpose of constructing, equipping, reconstructing, repairing, enlarging,  
36 furnishing or remodeling facilities that are to be leased to the donor. When  
37 any political subdivision of the state, district described in subsection (s),  
38 public or private nonprofit hospital or public hospital authority, public or  
39 private elementary or secondary school, public or private nonprofit  
40 educational institution, state correctional institution including a privately  
41 constructed correctional institution contracted for state use and ownership  
42 shall contract for the purpose of constructing, equipping, reconstructing,  
43 maintaining, repairing, enlarging, furnishing or remodeling facilities, it

1 shall obtain from the state and furnish to the contractor an exemption  
2 certificate for the project involved, and the contractor may purchase  
3 materials for incorporation in such project. The contractor shall furnish the  
4 number of such certificate to all suppliers from whom such purchases are  
5 made, and such suppliers shall execute invoices covering the same bearing  
6 the number of such certificate. Upon completion of the project the  
7 contractor shall furnish to the political subdivision, district described in  
8 subsection (s), hospital or public hospital authority, school, educational  
9 institution or department of corrections concerned a sworn statement, on a  
10 form to be provided by the director of taxation, that all purchases so made  
11 were entitled to exemption under this subsection. As an alternative to the  
12 foregoing procedure, any such contracting entity may apply to the  
13 secretary of revenue for agent status for the sole purpose of issuing and  
14 furnishing project exemption certificates to contractors pursuant to rules  
15 and regulations adopted by the secretary establishing conditions and  
16 standards for the granting and maintaining of such status. All invoices  
17 shall be held by the contractor for a period of five years and shall be  
18 subject to audit by the director of taxation. If any materials purchased  
19 under such a certificate are found not to have been incorporated in the  
20 building or other project or not to have been returned for credit or the sales  
21 or compensating tax otherwise imposed upon such materials that will not  
22 be so incorporated in the building or other project reported and paid by  
23 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
24 month following the close of the month in which it shall be determined  
25 that such materials will not be used for the purpose for which such  
26 certificate was issued, the political subdivision, district described in  
27 subsection (s), hospital or public hospital authority, school, educational  
28 institution or the contractor contracting with the department of corrections  
29 for a correctional institution concerned shall be liable for tax on all  
30 materials purchased for the project, and upon payment thereof it may  
31 recover the same from the contractor together with reasonable attorney  
32 fees. Any contractor or any agent, employee or subcontractor thereof, who  
33 shall use or otherwise dispose of any materials purchased under such a  
34 certificate for any purpose other than that for which such a certificate is  
35 issued without the payment of the sales or compensating tax otherwise  
36 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
37 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
38 79-3615(h), and amendments thereto;

39 (e) all sales of tangible personal property or services purchased by a  
40 contractor for the erection, repair or enlargement of buildings or other  
41 projects for the government of the United States, its agencies or  
42 instrumentalities, that would be exempt from taxation if purchased directly  
43 by the government of the United States, its agencies or instrumentalities.

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

27 (f) tangible personal property purchased by a railroad or public utility  
28 for consumption or movement directly and immediately in interstate  
29 commerce;

30 (g) sales of aircraft including remanufactured and modified aircraft  
31 sold to persons using directly or through an authorized agent such aircraft  
32 as certified or licensed carriers of persons or property in interstate or  
33 foreign commerce under authority of the laws of the United States or any  
34 foreign government or sold to any foreign government or agency or  
35 instrumentality of such foreign government and all sales of aircraft for use  
36 outside of the United States and sales of aircraft repair, modification and  
37 replacement parts and sales of services employed in the remanufacture,  
38 modification and repair of aircraft;

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

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

43 (j) meals served without charge or food used in the preparation of

1 such meals to employees of any restaurant, eating house, dining car, hotel,  
2 drugstore or other place where meals or drinks are regularly sold to the  
3 public if such employees' duties are related to the furnishing or sale of  
4 such meals or drinks;

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

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

15 (m) all sales of tangible personal property that become an ingredient  
16 or component part of tangible personal property or services produced,  
17 manufactured or compounded for ultimate sale at retail within or without  
18 the state of Kansas; and any such producer, manufacturer or compounder  
19 may obtain from the director of taxation and furnish to the supplier an  
20 exemption certificate number for tangible personal property for use as an  
21 ingredient or component part of the property or services produced,  
22 manufactured or compounded;

23 (n) all sales of tangible personal property that is consumed in the  
24 production, manufacture, processing, mining, drilling, refining or  
25 compounding of tangible personal property, the treating of by-products or  
26 wastes derived from any such production process, the providing of  
27 services or the irrigation of crops for ultimate sale at retail within or  
28 without the state of Kansas; and any purchaser of such property may  
29 obtain from the director of taxation and furnish to the supplier an  
30 exemption certificate number for tangible personal property for  
31 consumption in such production, manufacture, processing, mining,  
32 drilling, refining, compounding, treating, irrigation and in providing such  
33 services;

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

40 (p) all sales of drugs dispensed pursuant to a prescription order by a  
41 licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-  
42 1626, and amendments thereto. As used in this subsection, "drug" means a  
43 compound, substance or preparation and any component of a compound,

1 substance or preparation, other than food and food ingredients, dietary  
2 supplements or alcoholic beverages, recognized in the official United  
3 States pharmacopeia, official homeopathic pharmacopoeia of the United  
4 States or official national formulary, and supplement to any of them,  
5 intended for use in the diagnosis, cure, mitigation, treatment or prevention  
6 of disease or intended to affect the structure or any function of the body,  
7 except that for taxable years commencing after December 31, 2013, this  
8 subsection shall not apply to any sales of drugs used in the performance or  
9 induction of an abortion, as defined in K.S.A. 65-6701, and amendments  
10 thereto;

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

14 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,  
15 enteral feeding systems, prosthetic devices and mobility enhancing  
16 equipment prescribed in writing by a person licensed to practice the  
17 healing arts, dentistry or optometry, and in addition to such sales, all sales  
18 of hearing aids, as defined by K.S.A. 74-5807(c), and amendments thereto,  
19 and repair and replacement parts therefor, including batteries, by a person  
20 licensed in the practice of dispensing and fitting hearing aids pursuant to  
21 the provisions of K.S.A. 74-5808, and amendments thereto. For the  
22 purposes of this subsection: (1) "Mobility enhancing equipment" means  
23 equipment including repair and replacement parts to same, but does not  
24 include durable medical equipment, which is primarily and customarily  
25 used to provide or increase the ability to move from one place to another  
26 and which is appropriate for use either in a home or a motor vehicle; is not  
27 generally used by persons with normal mobility; and does not include any  
28 motor vehicle or equipment on a motor vehicle normally provided by a  
29 motor vehicle manufacturer; and (2) "prosthetic device" means a  
30 replacement, corrective or supportive device including repair and  
31 replacement parts for same worn on or in the body to artificially replace a  
32 missing portion of the body, prevent or correct physical deformity or  
33 malfunction or support a weak or deformed portion of the body;

34 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,  
35 all sales of tangible personal property or services purchased directly or  
36 indirectly by a groundwater management district organized or operating  
37 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,  
38 by a rural water district organized or operating under the authority of  
39 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
40 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
41 3522 et seq. or 19-3545, and amendments thereto, which property or  
42 services are used in the construction activities, operation or maintenance of  
43 the district;

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

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

30 (v) all sales of tangible personal property to any contractor for use in  
31 preparing meals for delivery to homebound elderly persons over 60 years  
32 of age and to homebound disabled persons or to be served at a group-  
33 sitting at a location outside of the home to otherwise homebound elderly  
34 persons over 60 years of age and to otherwise homebound disabled  
35 persons, as all or part of any food service project funded in whole or in  
36 part by government or as part of a private nonprofit food service project  
37 available to all such elderly or disabled persons residing within an area of  
38 service designated by the private nonprofit organization, and all sales of  
39 tangible personal property for use in preparing meals for consumption by  
40 indigent or homeless individuals whether or not such meals are consumed  
41 at a place designated for such purpose, and all sales of food products by or  
42 on behalf of any such contractor or organization for any such purpose;

43 (w) all sales of natural gas, electricity, heat and water delivered



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

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

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

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

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

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

32 (cc) all sales of tangible personal property or services purchased prior  
33 to January 1, 2012, except as otherwise provided, for the purpose of and in  
34 conjunction with constructing, reconstructing, enlarging or remodeling a  
35 business or retail business that meets the requirements established in  
36 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
37 machinery and equipment purchased for installation at any such business  
38 or retail business, and all sales of tangible personal property or services  
39 purchased on or after January 1, 2012, for the purpose of and in  
40 conjunction with constructing, reconstructing, enlarging or remodeling a  
41 business that meets the requirements established in K.S.A. 74-50,115(e),  
42 and amendments thereto, and the sale and installation of machinery and  
43 equipment purchased for installation at any such business. When a person

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

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

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

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

42 (gg) all sales of tangible personal property purchased in accordance  
43 with vouchers issued pursuant to the federal special supplemental food

1 program for women, infants and children;

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

15 (ii) all sales of tangible personal property purchased directly by a  
16 nonprofit organization for nonsectarian comprehensive multidiscipline  
17 youth development programs and activities provided or sponsored by such  
18 organization, and all sales of tangible personal property by or on behalf of  
19 any such organization. This exemption shall not apply to tangible personal  
20 property customarily used for human habitation purposes;

21 (jj) all sales of tangible personal property or services, including the  
22 renting and leasing of tangible personal property, purchased directly on  
23 behalf of a community-based facility for people with intellectual disability  
24 or mental health center organized pursuant to K.S.A. 19-4001 et seq., and  
25 amendments thereto, and licensed in accordance with the provisions of  
26 K.S.A. 39-2001 et seq., and amendments thereto, and all sales of tangible  
27 personal property or services purchased by contractors during the time  
28 period from July, 2003, through June, 2006, for the purpose of  
29 constructing, equipping, maintaining or furnishing a new facility for a  
30 community-based facility for people with intellectual disability or mental  
31 health center located in Riverton, Cherokee County, Kansas, that would  
32 have been eligible for sales tax exemption pursuant to this subsection if  
33 purchased directly by such facility or center. This exemption shall not  
34 apply to tangible personal property customarily used for human habitation  
35 purposes;

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

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

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

43 (2) For purposes of this subsection:

1 (A) "Integrated production operation" means an integrated series of  
2 operations engaged in at a manufacturing or processing plant or facility to  
3 process, transform or convert tangible personal property by physical,  
4 chemical or other means into a different form, composition or character  
5 from that in which it originally existed. Integrated production operations  
6 shall include: (i) Production line operations, including packaging  
7 operations; (ii) preproduction operations to handle, store and treat raw  
8 materials; (iii) post production handling, storage, warehousing and  
9 distribution operations; and (iv) waste, pollution and environmental  
10 control operations, if any;

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

14 (C) "manufacturing or processing plant or facility" means a single,  
15 fixed location owned or controlled by a manufacturing or processing  
16 business that consists of one or more structures or buildings in a  
17 contiguous area where integrated production operations are conducted to  
18 manufacture or process tangible personal property to be ultimately sold at  
19 retail. Such term shall not include any facility primarily operated for the  
20 purpose of conveying or assisting in the conveyance of natural gas,  
21 electricity, oil or water. A business may operate one or more manufacturing  
22 or processing plants or facilities at different locations to manufacture or  
23 process a single product of tangible personal property to be ultimately sold  
24 at retail;

25 (D) "manufacturing or processing business" means a business that  
26 utilizes an integrated production operation to manufacture, process,  
27 fabricate, finish or assemble items for wholesale and retail distribution as  
28 part of what is commonly regarded by the general public as an industrial  
29 manufacturing or processing operation or an agricultural commodity  
30 processing operation. (i) Industrial manufacturing or processing operations  
31 include, by way of illustration but not of limitation, the fabrication of  
32 automobiles, airplanes, machinery or transportation equipment, the  
33 fabrication of metal, plastic, wood or paper products, electricity power  
34 generation, water treatment, petroleum refining, chemical production,  
35 wholesale bottling, newspaper printing, ready mixed concrete production,  
36 and the remanufacturing of used parts for wholesale or retail sale. Such  
37 processing operations shall include operations at an oil well, gas well,  
38 mine or other excavation site where the oil, gas, minerals, coal, clay, stone,  
39 sand or gravel that has been extracted from the earth is cleaned, separated,  
40 crushed, ground, milled, screened, washed or otherwise treated or prepared  
41 before its transmission to a refinery or before any other wholesale or retail  
42 distribution. (ii) Agricultural commodity processing operations include, by  
43 way of illustration but not of limitation, meat packing, poultry slaughtering

1 and dressing, processing and packaging farm and dairy products in sealed  
2 containers for wholesale and retail distribution, feed grinding, grain  
3 milling, frozen food processing, and grain handling, cleaning, blending,  
4 fumigation, drying and aeration operations engaged in by grain elevators  
5 or other grain storage facilities. (iii) Manufacturing or processing  
6 businesses do not include, by way of illustration but not of limitation,  
7 nonindustrial businesses whose operations are primarily retail and that  
8 produce or process tangible personal property as an incidental part of  
9 conducting the retail business, such as retailers who bake, cook or prepare  
10 food products in the regular course of their retail trade, grocery stores,  
11 meat lockers and meat markets that butcher or dress livestock or poultry in  
12 the regular course of their retail trade, contractors who alter, service, repair  
13 or improve real property, and retail businesses that clean, service or  
14 refurbish and repair tangible personal property for its owner;

15 (E) "repair and replacement parts and accessories" means all parts  
16 and accessories for exempt machinery and equipment, including, but not  
17 limited to, dies, jigs, molds, patterns and safety devices that are attached to  
18 exempt machinery or that are otherwise used in production, and parts and  
19 accessories that require periodic replacement such as belts, drill bits,  
20 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
21 other refractory items for exempt kiln equipment used in production  
22 operations;

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

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

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

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

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

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

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

40 (F) ~~to~~ plan, manage, control or record the receipt and flow of  
41 inventories of raw materials, consumables and component parts, the flow  
42 of the property undergoing manufacturing or processing and the  
43 management of inventories of the finished product;

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

4 (H) ~~to~~ package the property being manufactured or processed in a  
5 container or wrapping in which such property is normally sold or  
6 transported;

7 (I) ~~to~~ transmit or transport electricity, coke, gas, water, steam or  
8 similar substances used in production operations from the point of  
9 generation, if produced by the manufacturer or processor at the plant site,  
10 to that manufacturer's production operation; or, if purchased or delivered  
11 from off-site, from the point where the substance enters the site of the  
12 plant or facility to that manufacturer's production operations;

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

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

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

21 (M) ~~to~~ control pollution at the plant or facility where the pollution is  
22 produced by the manufacturing or processing operation.

23 (4) The following machinery, equipment and materials shall be  
24 deemed to be exempt even though it may not otherwise qualify as  
25 machinery and equipment used as an integral or essential part of an  
26 integrated production operation: (A) Computers and related peripheral  
27 equipment that are utilized by a manufacturing or processing business for  
28 engineering of the finished product or for research and development or  
29 product design; (B) machinery and equipment that is utilized by a  
30 manufacturing or processing business to manufacture or rebuild tangible  
31 personal property that is used in manufacturing or processing operations,  
32 including tools, dies, molds, forms and other parts of qualifying machinery  
33 and equipment; (C) portable plants for aggregate concrete, bulk cement  
34 and asphalt including cement mixing drums to be attached to a motor  
35 vehicle; (D) industrial fixtures, devices, support facilities and special  
36 foundations necessary for manufacturing and production operations, and  
37 materials and other tangible personal property sold for the purpose of  
38 fabricating such fixtures, devices, facilities and foundations. An exemption  
39 certificate for such purchases shall be signed by the manufacturer or  
40 processor. If the fabricator purchases such material, the fabricator shall  
41 also sign the exemption certificate; (E) a manufacturing or processing  
42 business' laboratory equipment that is not located at the plant or facility,  
43 but that would otherwise qualify for exemption under subsection (3)(E);

1 (F) all machinery and equipment used in surface mining activities as  
2 described in K.S.A. 49-601 et seq., and amendments thereto, beginning  
3 from the time a reclamation plan is filed to the acceptance of the  
4 completed final site reclamation.

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

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

12 (B) machinery, equipment and tools used primarily in maintaining  
13 and repairing any type of machinery and equipment or the building and  
14 plant;

15 (C) transportation, transmission and distribution equipment not  
16 primarily used in a production, warehousing or material handling  
17 operation at the plant or facility, including the means of conveyance of  
18 natural gas, electricity, oil or water, and equipment related thereto, located  
19 outside the plant or facility;

20 (D) office machines and equipment including computers and related  
21 peripheral equipment not used directly and primarily to control or measure  
22 the manufacturing process;

23 (E) furniture and other furnishings;

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

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

30 (H) machinery and equipment used for general plant heating, cooling  
31 and lighting;

32 (I) motor vehicles that are registered for operation on public  
33 highways; or

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

37 (6) ~~Subsections~~*Paragraphs* (3) and (5) shall not be construed as  
38 exclusive listings of the machinery and equipment that qualify or do not  
39 qualify as an integral or essential part of an integrated production  
40 operation. When machinery or equipment is used as an integral or essential  
41 part of production operations part of the time and for nonproduction  
42 purposes at other times, the primary use of the machinery or equipment  
43 shall determine whether or not such machinery or equipment qualifies for

1 exemption.

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

4 (ll) all sales of educational materials purchased for distribution to the  
5 public at no charge by a nonprofit corporation organized for the purpose of  
6 encouraging, fostering and conducting programs for the improvement of  
7 public health, except that for taxable years commencing after December  
8 31, 2013, this subsection shall not apply to any sales of such materials  
9 purchased by a nonprofit corporation which performs any abortion, as  
10 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

41 (tt) all sales of tangible personal property and services purchased by  
42 or on behalf of a not-for-profit corporation that is exempt from federal  
43 income taxation pursuant to section 501(c)(3) of the federal internal



1 revenue code of 1986, for the sole purpose of constructing a Kansas  
2 Korean War memorial;

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

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

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

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

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

21 (4) the American diabetes association Kansas affiliate, inc. for the  
22 purpose of eliminating diabetes through medical research, public education  
23 focusing on disease prevention and education, patient education including  
24 information on coping with diabetes, and professional education and  
25 training;

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

31 (6) the Kansas chapters of the Alzheimer's disease and related  
32 disorders association, inc. for the purpose of providing assistance and  
33 support to persons in Kansas with Alzheimer's disease, and their families  
34 and caregivers;

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

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

41 (9) the heartstrings community foundation for the purpose of  
42 providing training, employment and activities for adults with  
43 developmental disabilities;

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

4 (11) the spina bifida association of Kansas for the purpose of  
5 providing financial, educational and practical aid to families and  
6 individuals with spina bifida. Such aid includes, but is not limited to,  
7 funding for medical devices, counseling and medical educational  
8 opportunities;

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

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

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

19 (15) the KSDS, Inc., for the purpose of promoting the independence  
20 and inclusion of people with disabilities as fully participating and  
21 contributing members of their communities and society through the  
22 training and providing of guide and service dogs to people with  
23 disabilities, and providing disability education and awareness to the  
24 general public;

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

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

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

34 (19) the international association of lions clubs for the purpose of  
35 creating and fostering a spirit of understanding among all people for  
36 humanitarian needs by providing voluntary services through community  
37 involvement and international cooperation;

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

42 (21) the American cancer society, inc., for the purpose of eliminating  
43 cancer as a major health problem by preventing cancer, saving lives and

1 diminishing suffering from cancer, through research, education, advocacy  
2 and service;

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

5 (23) the angel babies association, for the purpose of providing  
6 assistance, support and items of necessity to teenage mothers and their  
7 babies; and

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

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

13 (xx) all sales of tangible personal property and services purchased by  
14 a nonprofit zoo that is exempt from federal income taxation pursuant to  
15 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
16 of such zoo by an entity itself exempt from federal income taxation  
17 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
18 contracted with to operate such zoo and all sales of tangible personal  
19 property or services purchased by a contractor for the purpose of  
20 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
21 furnishing or remodeling facilities for any nonprofit zoo that would be  
22 exempt from taxation under the provisions of this section if purchased  
23 directly by such nonprofit zoo or the entity operating such zoo. Nothing in  
24 this subsection shall be deemed to exempt the purchase of any construction  
25 machinery, equipment or tools used in the constructing, equipping,  
26 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
27 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for  
28 the purpose of constructing, equipping, reconstructing, maintaining,  
29 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
30 from the state and furnish to the contractor an exemption certificate for the  
31 project involved, and the contractor may purchase materials for  
32 incorporation in such project. The contractor shall furnish the number of  
33 such certificate to all suppliers from whom such purchases are made, and  
34 such suppliers shall execute invoices covering the same bearing the  
35 number of such certificate. Upon completion of the project the contractor  
36 shall furnish to the nonprofit zoo concerned a sworn statement, on a form  
37 to be provided by the director of taxation, that all purchases so made were  
38 entitled to exemption under this subsection. All invoices shall be held by  
39 the contractor for a period of five years and shall be subject to audit by the  
40 director of taxation. If any materials purchased under such a certificate are  
41 found not to have been incorporated in the building or other project or not  
42 to have been returned for credit or the sales or compensating tax otherwise  
43 imposed upon such materials that will not be so incorporated in the

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

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

18 (zz) all sales of machinery and equipment purchased by over-the-air,  
19 free access radio or television station that is used directly and primarily for  
20 the purpose of producing a broadcast signal or is such that the failure of  
21 the machinery or equipment to operate would cause broadcasting to cease.  
22 For purposes of this subsection, machinery and equipment shall include,  
23 but not be limited to, that required by rules and regulations of the federal  
24 communications commission, and all sales of electricity which are  
25 essential or necessary for the purpose of producing a broadcast signal or is  
26 such that the failure of the electricity would cause broadcasting to cease;

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

1 contractor shall furnish the number of such certificate to all suppliers from  
2 whom such purchases are made, and such suppliers shall execute invoices  
3 covering the same bearing the number of such certificate. Upon  
4 completion of the project the contractor shall furnish to such organization  
5 concerned a sworn statement, on a form to be provided by the director of  
6 taxation, that all purchases so made were entitled to exemption under this  
7 subsection. All invoices shall be held by the contractor for a period of five  
8 years and shall be subject to audit by the director of taxation. If any  
9 materials purchased under such a certificate are found not to have been  
10 incorporated in the building or other project or not to have been returned  
11 for credit or the sales or compensating tax otherwise imposed upon such  
12 materials that will not be so incorporated in the building or other project  
13 reported and paid by such contractor to the director of taxation not later  
14 than the 20<sup>th</sup> day of the month following the close of the month in which it  
15 shall be determined that such materials will not be used for the purpose for  
16 which such certificate was issued, such organization concerned shall be  
17 liable 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 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
27 this act upon the gross receipts received from any sale exempted by the  
28 amendatory provisions of this subsection shall be refunded. Each claim for  
29 a sales tax refund shall be verified and submitted to the director of taxation  
30 upon forms furnished by the director and shall be accompanied by any  
31 additional documentation required by the director. The director shall  
32 review each claim and shall refund that amount of sales tax paid as  
33 determined under the provisions of this subsection. All refunds shall be  
34 paid from the sales tax refund fund upon warrants of the director of  
35 accounts and reports pursuant to vouchers approved by the director or the  
36 director's designee;

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

42 (ccc) on and after July 1, 1999, all sales of tangible personal property  
43 and services purchased by a primary care clinic or health center the

1 primary purpose of which is to provide services to medically underserved  
2 individuals and families, and that is exempt from federal income taxation  
3 pursuant to section 501(c)(3) of the federal internal revenue code, and all  
4 sales of tangible personal property or services purchased by a contractor  
5 for the purpose of constructing, equipping, reconstructing, maintaining,  
6 repairing, enlarging, furnishing or remodeling facilities for any such clinic  
7 or center that would be exempt from taxation under the provisions of this  
8 section if purchased directly by such clinic or center, except that for  
9 taxable years commencing after December 31, 2013, this subsection shall  
10 not apply to any sales of such tangible personal property and services  
11 purchased by a primary care clinic or health center which performs any  
12 abortion, as defined in K.S.A. 65-6701, and amendments thereto. Nothing  
13 in this subsection shall be deemed to exempt the purchase of any  
14 construction machinery, equipment or tools used in the constructing,  
15 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
16 remodeling facilities for any such clinic or center. When any such clinic or  
17 center shall contract for the purpose of constructing, equipping,  
18 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
19 facilities, it shall obtain from the state and furnish to the contractor an  
20 exemption certificate for the project involved, and the contractor may  
21 purchase materials for incorporation in such project. The contractor shall  
22 furnish the number of such certificate to all suppliers from whom such  
23 purchases are made, and such suppliers shall execute invoices covering the  
24 same bearing the number of such certificate. Upon completion of the  
25 project the contractor shall furnish to such clinic or center concerned a  
26 sworn statement, on a form to be provided by the director of taxation, that  
27 all purchases so made were entitled to exemption under this subsection.  
28 All invoices shall be held by the contractor for a period of five years and  
29 shall be subject to audit by the director of taxation. If any materials  
30 purchased under such a certificate are found not to have been incorporated  
31 in the building or other project or not to have been returned for credit or  
32 the sales or compensating tax otherwise imposed upon such materials that  
33 will not be so incorporated in the building or other project reported and  
34 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
35 day of the month following the close of the month in which it shall be  
36 determined that such materials will not be used for the purpose for which  
37 such certificate was issued, such clinic or center concerned shall be liable  
38 for tax on all materials purchased for the project, and upon payment  
39 thereof it may recover the same from the contractor together with  
40 reasonable attorney fees. Any contractor or any agent, employee or  
41 subcontractor thereof, who shall use or otherwise dispose of any materials  
42 purchased under such a certificate for any purpose other than that for  
43 which such a certificate is issued without the payment of the sales or

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

4 (ddd) on and after January 1, 1999, and before January 1, 2000, all  
5 sales of materials and services purchased by any class II or III railroad as  
6 classified by the federal surface transportation board for the construction,  
7 renovation, repair or replacement of class II or III railroad track and  
8 facilities used directly in interstate commerce. In the event any such track  
9 or facility for which materials and services were purchased sales tax  
10 exempt is not operational for five years succeeding the allowance of such  
11 exemption, the total amount of sales tax that would have been payable  
12 except for the operation of this subsection shall be recouped in accordance  
13 with rules and regulations adopted for such purpose by the secretary of  
14 revenue;

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

19 (fff) all sales of material handling equipment, racking systems and  
20 other related machinery and equipment that is used for the handling,  
21 movement or storage of tangible personal property in a warehouse or  
22 distribution facility in this state; all sales of installation, repair and  
23 maintenance services performed on such machinery and equipment; and  
24 all sales of repair and replacement parts for such machinery and  
25 equipment. For purposes of this subsection, a warehouse or distribution  
26 facility means a single, fixed location that consists of buildings or  
27 structures in a contiguous area where storage or distribution operations are  
28 conducted that are separate and apart from the business' retail operations,  
29 if any, and that do not otherwise qualify for exemption as occurring at a  
30 manufacturing or processing plant or facility. Material handling and  
31 storage equipment shall include aeration, dust control, cleaning, handling  
32 and other such equipment that is used in a public grain warehouse or other  
33 commercial grain storage facility, whether used for grain handling, grain  
34 storage, grain refining or processing, or other grain treatment operation;

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

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

43 (iii) all sales of personal property and services purchased by an

1 organization that is exempt from federal income taxation pursuant to  
2 section 501(c)(3) of the federal internal revenue code of 1986, and such  
3 personal property and services are used by any such organization in the  
4 collection, storage and distribution of food products to nonprofit  
5 organizations that distribute such food products to persons pursuant to a  
6 food distribution program on a charitable basis without fee or charge, and  
7 all sales of tangible personal property or services purchased by a  
8 contractor for the purpose of constructing, equipping, reconstructing,  
9 maintaining, repairing, enlarging, furnishing or remodeling facilities used  
10 for the collection and storage of such food products for any such  
11 organization which is exempt from federal income taxation pursuant to  
12 section 501(c)(3) of the federal internal revenue code of 1986, that would  
13 be 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 such facilities or not to have been returned for credit or the  
33 sales or compensating tax otherwise imposed upon such materials that will  
34 not be so incorporated in such facilities reported and paid by such  
35 contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
36 month following the close of the month in which it shall be determined  
37 that such materials will not be used for the purpose for which such  
38 certificate was issued, such organization concerned shall be liable for tax  
39 on all materials purchased for the project, and upon payment thereof it  
40 may recover the same from the contractor together with reasonable  
41 attorney fees. Any contractor or any agent, employee or subcontractor  
42 thereof, who shall use or otherwise dispose of any materials purchased  
43 under such a certificate for any purpose other than that for which such a



1 certificate is issued without the payment of the sales or compensating tax  
2 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
3 and, upon conviction therefor, shall be subject to the penalties provided for  
4 in K.S.A. 79-3615(h), and amendments thereto. Sales tax paid on and after  
5 July 1, 2005, but prior to the effective date of this act upon the gross  
6 receipts received from any sale exempted by the amendatory provisions of  
7 this subsection shall be refunded. Each claim for a sales tax refund shall be  
8 verified and submitted to the director of taxation upon forms furnished by  
9 the director and shall be accompanied by any additional documentation  
10 required by the director. The director shall review each claim and shall  
11 refund that amount of sales tax paid as determined under the provisions of  
12 this subsection. All refunds shall be paid from the sales tax refund fund  
13 upon warrants of the director of accounts and reports pursuant to vouchers  
14 approved by the director or the director's designee;

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

30 (lll) all sales of tangible personal property and services purchased by  
31 special olympics Kansas, inc. for the purpose of providing year-round  
32 sports training and athletic competition in a variety of olympic-type sports  
33 for individuals with intellectual disabilities by giving them continuing  
34 opportunities to develop physical fitness, demonstrate courage, experience  
35 joy and participate in a sharing of gifts, skills and friendship with their  
36 families, other special olympics athletes and the community, and activities  
37 provided or sponsored by such organization, and all sales of tangible  
38 personal property by or on behalf of any such organization;

39 (mmm) all sales of tangible personal property purchased by or on  
40 behalf of the Marillac center, inc., which is exempt from federal income  
41 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
42 for the purpose of providing psycho-social-biological and special  
43 education services to children, and all sales of any such property by or on

1 behalf of such organization for such purpose;

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

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

11 (ppp) all sales of tangible personal property and services purchased  
12 by or on behalf of a homeless shelter that is exempt from federal income  
13 taxation pursuant to section 501(c)(3) of the federal income tax code of  
14 1986, and used by any such homeless shelter to provide emergency and  
15 transitional housing for individuals and families experiencing  
16 homelessness, and all sales of any such property by or on behalf of any  
17 such homeless shelter for any such purpose;

18 (qqq) all sales of tangible personal property and services purchased  
19 by TLC for children and families, inc., hereinafter referred to as TLC,  
20 which is exempt from federal income taxation pursuant to section 501(c)  
21 (3) of the federal internal revenue code of 1986, and such property and  
22 services are used for the purpose of providing emergency shelter and  
23 treatment for abused and neglected children as well as meeting additional  
24 critical needs for children, juveniles and family, and all sales of any such  
25 property by or on behalf of TLC for any such purpose; and all sales of  
26 tangible personal property or services purchased by a contractor for the  
27 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
28 remodeling facilities for the operation of services for TLC for any such  
29 purpose that would be exempt from taxation under the provisions of this  
30 section if purchased directly by TLC. Nothing in this subsection shall be  
31 deemed to exempt the purchase of any construction machinery, equipment  
32 or tools used in the constructing, maintaining, repairing, enlarging,  
33 furnishing or remodeling such facilities for TLC. When TLC contracts for  
34 the purpose of constructing, maintaining, repairing, enlarging, furnishing  
35 or remodeling such facilities, it shall obtain from the state and furnish to  
36 the contractor an exemption certificate for the project involved, and the  
37 contractor may purchase materials for incorporation in such project. The  
38 contractor shall furnish the number of such certificate to all suppliers from  
39 whom such purchases are made, and such suppliers shall execute invoices  
40 covering the same bearing the number of such certificate. Upon  
41 completion of the project the contractor shall furnish to TLC a sworn  
42 statement, on a form to be provided by the director of taxation, that all  
43 purchases so made were entitled to exemption under this subsection. All

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

20 (rrr) all sales of tangible personal property and services purchased by  
21 any county law library maintained pursuant to law and sales of tangible  
22 personal property and services purchased by an organization that would  
23 have been exempt from taxation under the provisions of this subsection if  
24 purchased directly by the county law library for the purpose of providing  
25 legal resources to attorneys, judges, students and the general public, and  
26 all sales of any such property by or on behalf of any such county law  
27 library;

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

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

32 (ttt) all sales of tangible personal property or services purchased by a  
33 contractor for a project for the purpose of restoring, constructing,  
34 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
35 remodeling a home or facility owned by a nonprofit museum that has been  
36 granted an exemption pursuant to subsection (qq), which such home or  
37 facility is located in a city that has been designated as a qualified  
38 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
39 amendments thereto, and which such project is related to the purposes of  
40 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
41 exempt from taxation under the provisions of this section if purchased  
42 directly by such nonprofit museum. Nothing in this subsection shall be  
43 deemed to exempt the purchase of any construction machinery, equipment

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

34 (uuu) all sales of tangible personal property and services purchased  
35 by Kansas children's service league, hereinafter referred to as KCSL,  
36 which is exempt from federal income taxation pursuant to section 501(c)  
37 (3) of the federal internal revenue code of 1986, and which such property  
38 and services are used for the purpose of providing for the prevention and  
39 treatment of child abuse and maltreatment as well as meeting additional  
40 critical needs for children, juveniles and family, and all sales of any such  
41 property by or on behalf of KCSL for any such purpose; and all sales of  
42 tangible personal property or services purchased by a contractor for the  
43 purpose of constructing, maintaining, repairing, enlarging, furnishing or

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

36 (vvv) all sales of tangible personal property or services, including the  
37 renting and leasing of tangible personal property or services, purchased by  
38 jazz in the woods, inc., a Kansas corporation that is exempt from federal  
39 income taxation pursuant to section 501(c)(3) of the federal internal  
40 revenue code, for the purpose of providing jazz in the woods, an event  
41 benefiting children-in-need and other nonprofit charities assisting such  
42 children, and all sales of any such property by or on behalf of such  
43 organization for such purpose;

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

7 (xxx) all sales of personal property and services purchased by the  
8 booth theatre foundation, inc., an organization, which is exempt from  
9 federal income taxation pursuant to section 501(c)(3) of the federal  
10 internal revenue code of 1986, and which such personal property and  
11 services are used by any such organization in the constructing, equipping,  
12 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
13 of the booth theatre, and all sales of tangible personal property or services  
14 purchased by a contractor for the purpose of constructing, equipping,  
15 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
16 the booth theatre for such organization, that would be exempt from  
17 taxation under the provisions of this section if purchased directly by such  
18 organization. Nothing in this subsection shall be deemed to exempt the  
19 purchase of any construction machinery, equipment or tools used in the  
20 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
21 furnishing or remodeling facilities for any such organization. When any  
22 such organization shall contract for the purpose of constructing, equipping,  
23 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
24 facilities, it shall obtain from the state and furnish to the contractor an  
25 exemption certificate for the project involved, and the contractor may  
26 purchase materials for incorporation in such project. The contractor shall  
27 furnish the number of such certificate to all suppliers from whom such  
28 purchases are made, and such suppliers shall execute invoices covering the  
29 same bearing the number of such certificate. Upon completion of the  
30 project the contractor shall furnish to such organization concerned a sworn  
31 statement, on a form to be provided by the director of taxation, that all  
32 purchases so made were entitled to exemption under this subsection. All  
33 invoices shall be held by the contractor for a period of five years and shall  
34 be subject to audit by the director of taxation. If any materials purchased  
35 under such a certificate are found not to have been incorporated in such  
36 facilities or not to have been returned for credit or the sales or  
37 compensating tax otherwise imposed upon such materials that will not be  
38 so incorporated in such facilities reported and paid by such contractor to  
39 the director of taxation not later than the 20<sup>th</sup> day of the month following  
40 the close of the month in which it shall be determined that such materials  
41 will not be used for the purpose for which such certificate was issued, such  
42 organization concerned shall be liable for tax on all materials purchased  
43 for the project, and upon payment thereof it may recover the same from

1 the contractor together with reasonable attorney fees. Any contractor or  
2 any agent, employee or subcontractor thereof, who shall use or otherwise  
3 dispose of any materials purchased under such a certificate for any purpose  
4 other than that for which such a certificate is issued without the payment  
5 of the sales or compensating tax otherwise imposed upon such materials,  
6 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
7 subject to the penalties provided for in K.S.A. 79-3615(h), and  
8 amendments thereto. Sales tax paid on and after January 1, 2007, but prior  
9 to the effective date of this act upon the gross receipts received from any  
10 sale which would have been exempted by the provisions of this subsection  
11 had such sale occurred after the effective date of this act shall be refunded.  
12 Each claim for a sales tax refund shall be verified and submitted to the  
13 director of taxation upon forms furnished by the director and shall be  
14 accompanied by any additional documentation required by the director.  
15 The director shall review each claim and shall refund that amount of sales  
16 tax paid as determined under the provisions of this subsection. All refunds  
17 shall be paid from the sales tax refund fund upon warrants of the director  
18 of accounts and reports pursuant to vouchers approved by the director or  
19 the director's designee;

20 (yyy) all sales of tangible personal property and services purchased  
21 by TLC charities foundation, inc., hereinafter referred to as TLC charities,  
22 which is exempt from federal income taxation pursuant to section 501(c)  
23 (3) of the federal internal revenue code of 1986, and which such property  
24 and services are used for the purpose of encouraging private philanthropy  
25 to further the vision, values, and goals of TLC for children and families,  
26 inc.; and all sales of such property and services by or on behalf of TLC  
27 charities for any such purpose and all sales of tangible personal property or  
28 services purchased by a contractor for the purpose of constructing,  
29 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
30 the operation of services for TLC charities for any such purpose that would  
31 be exempt from taxation under the provisions of this section if purchased  
32 directly by TLC charities. Nothing in this subsection shall be deemed to  
33 exempt the purchase of any construction machinery, equipment or tools  
34 used in the constructing, maintaining, repairing, enlarging, furnishing or  
35 remodeling such facilities for TLC charities. When TLC charities contracts  
36 for the purpose of constructing, maintaining, repairing, enlarging,  
37 furnishing or remodeling such facilities, it shall obtain from the state and  
38 furnish to the contractor an exemption certificate for the project involved,  
39 and the contractor may purchase materials for incorporation in such  
40 project. The contractor shall furnish the number of such certificate to all  
41 suppliers from whom such purchases are made, and such suppliers shall  
42 execute invoices covering the same bearing the number of such certificate.  
43 Upon completion of the project the contractor shall furnish to TLC



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

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

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

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

38 (cccc) all sales of tangible personal property or services purchased by  
39 or on behalf of wayside waifs, inc., which is exempt from federal income  
40 taxation pursuant to section 501(c)(3) of the federal internal revenue code,  
41 for the purpose of providing such organization's annual fundraiser, an  
42 event whose purpose is to support the care of homeless and abandoned  
43 animals, animal adoption efforts, education programs for children and

1 efforts to reduce animal over-population and animal welfare services, and  
2 all sales of any such property, including entry or participation fees or  
3 charges, by or on behalf of such organization for such purpose;

4 (dddd) all sales of tangible personal property or services purchased  
5 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
6 of which are exempt from federal income taxation pursuant to section  
7 501(c)(3) of the federal internal revenue code, for the purpose of providing  
8 education, training and employment opportunities for people with  
9 disabilities and other barriers to employment;

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

17 (ffff) all sales of tangible personal property and services purchased by  
18 sheltered living, inc., which is exempt from federal income taxation  
19 pursuant to section 501(c)(3) of the federal internal revenue code of 1986,  
20 and which such property and services are used for the purpose of  
21 providing residential and day services for people with developmental  
22 disabilities or intellectual disability, or both, and all sales of any such  
23 property by or on behalf of sheltered living, inc., for any such purpose; and  
24 all sales of tangible personal property or services purchased by a  
25 contractor for the purpose of rehabilitating, constructing, maintaining,  
26 repairing, enlarging, furnishing or remodeling homes and facilities for  
27 sheltered living, inc., for any such purpose that would be exempt from  
28 taxation under the provisions of this section if purchased directly by  
29 sheltered living, inc. Nothing in this subsection shall be deemed to exempt  
30 the purchase of any construction machinery, equipment or tools used in the  
31 constructing, maintaining, repairing, enlarging, furnishing or remodeling  
32 such homes and facilities for sheltered living, inc. When sheltered living,  
33 inc., contracts for the purpose of rehabilitating, constructing, maintaining,  
34 repairing, enlarging, furnishing or remodeling such homes and facilities, it  
35 shall obtain from the state and furnish to the contractor an exemption  
36 certificate for the project involved, and the contractor may purchase  
37 materials for incorporation in such project. The contractor shall furnish the  
38 number of such certificate to all suppliers from whom such purchases are  
39 made, and such suppliers shall execute invoices covering the same bearing  
40 the number of such certificate. Upon completion of the project the  
41 contractor shall furnish to sheltered living, inc., a sworn statement, on a  
42 form to be provided by the director of taxation, that all purchases so made  
43 were entitled to exemption under this subsection. All invoices shall be held

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

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

22 (hhhh) all sales of tangible personal property or services purchased  
23 on or after July 1, 2014, for the purpose of and in conjunction with  
24 constructing, reconstructing, enlarging or remodeling a business identified  
25 under the North American industry classification system (NAICS)  
26 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
27 installation of machinery and equipment purchased for installation at any  
28 such business. The exemption provided in this subsection shall not apply  
29 to projects that have actual total costs less than \$50,000. When a person  
30 contracts for the construction, reconstruction, enlargement or remodeling  
31 of any such business, such person shall obtain from the state and furnish to  
32 the contractor an exemption certificate for the project involved, and the  
33 contractor may purchase materials, machinery and equipment for  
34 incorporation in such project. The contractor shall furnish the number of  
35 such certificates to all suppliers from whom such purchases are made, and  
36 such suppliers shall execute invoices covering the same bearing the  
37 number of such certificate. Upon completion of the project, the contractor  
38 shall furnish to the owner of the business a sworn statement, on a form to  
39 be provided by the director of taxation, that all purchases so made were  
40 entitled to exemption under this subsection. All invoices shall be held by  
41 the contractor for a period of five years and shall be subject to audit by the  
42 director of taxation. Any contractor or any agent, employee or  
43 subcontractor of the contractor, who shall use or otherwise dispose of any

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

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

1 provided for in K.S.A. 79-3615(h), and amendments thereto;

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

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

14 (llll) all sales of tangible personal property and services purchased by  
15 Gove county healthcare endowment foundation, inc., which is exempt  
16 from federal income taxation pursuant to section 501(c)(3) of the federal  
17 internal revenue code of 1986, and which such property and services are  
18 used for the purpose of constructing and equipping an airport in Quinter,  
19 Kansas, and all sales of tangible personal property or services purchased  
20 by a contractor for the purpose of constructing and equipping an airport in  
21 Quinter, Kansas, for such organization, that would be exempt from  
22 taxation under the provisions of this section if purchased directly by such  
23 organization. Nothing in this subsection shall be deemed to exempt the  
24 purchase of any construction machinery, equipment or tools used in the  
25 constructing or equipping of facilities for such organization. When such  
26 organization shall contract for the purpose of constructing or equipping an  
27 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
28 contractor an exemption certificate for the project involved, and the  
29 contractor may purchase materials for incorporation in such project. The  
30 contractor shall furnish the number of such certificate to all suppliers from  
31 whom such purchases are made, and such suppliers shall execute invoices  
32 covering the same bearing the number of such certificate. Upon  
33 completion of the project, the contractor shall furnish to such organization  
34 concerned a sworn statement, on a form to be provided by the director of  
35 taxation, that all purchases so made were entitled to exemption under this  
36 subsection. All invoices shall be held by the contractor for a period of five  
37 years and shall be subject to audit by the director of taxation. If any  
38 materials purchased under such a certificate are found not to have been  
39 incorporated in such facilities or not to have been returned for credit or the  
40 sales or compensating tax otherwise imposed upon such materials that will  
41 not be so incorporated in such facilities reported and paid by such  
42 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
43 following the close of the month in which it shall be determined that such

1 materials will not be used for the purpose for which such certificate was  
2 issued, such organization concerned shall be liable for tax on all materials  
3 purchased for the project, and upon payment thereof it may recover the  
4 same from the contractor together with reasonable attorney fees. Any  
5 contractor or any agent, employee or subcontractor thereof, who purchased  
6 under such a certificate for any purpose other than that for which such a  
7 certificate is issued without the payment of the sales or compensating tax  
8 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
9 and, upon conviction therefor, shall be subject to the penalties provided for  
10 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
11 subsection shall expire and have no effect on and after July 1, 2019;

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

17 (nnnn) all sales of tangible personal property or services purchased  
18 by friends of hospice of Jefferson county, an organization that is exempt  
19 from federal income taxation pursuant to section 501(c)(3) of the federal  
20 internal revenue code of 1986, for the purpose of providing support to the  
21 Jefferson county hospice agency in end-of-life care of Jefferson county  
22 families, friends and neighbors, and all sales of entry or participation fees,  
23 charges or tickets by friends of hospice of Jefferson county for such  
24 organization's fundraising event for such purpose; *and*

25 (oooo) *all sales of tangible personal property or services purchased*  
26 *for the purpose of and in conjunction with constructing, reconstructing,*  
27 *enlarging or remodeling a qualified business facility by a qualified firm or*  
28 *qualified supplier that meets the requirements established in sections 2*  
29 *and 9, and amendments thereto, and that has been approved for a project*  
30 *exemption certificate by the secretary of commerce, and the sale and*  
31 *installation of machinery and equipment purchased by such qualified firm*  
32 *or qualified supplier for installation at any such qualified business facility.*  
33 *When a person shall contract for the construction, reconstruction,*  
34 *enlargement or remodeling of any such qualified business facility, such*  
35 *person shall obtain from the state and furnish to the contractor an*  
36 *exemption certificate for the project involved, and the contractor may*  
37 *purchase materials, machinery and equipment for incorporation in such*  
38 *project. The contractor shall furnish the number of such certificates to all*  
39 *suppliers from whom such purchases are made, and such suppliers shall*  
40 *execute invoices covering the same bearing the number of such certificate.*  
41 *Upon completion of the project, the contractor shall furnish to the owner*  
42 *of the qualified firm or qualified supplier a sworn statement, on a form to*  
43 *be provided by the director of taxation, that all purchases so made were*

1 *entitled to exemption under this subsection. All invoices shall be held by*  
2 *the contractor for a period of five years and shall be subject to audit by*  
3 *the director of taxation. Any contractor or any agent, employee or*  
4 *subcontractor thereof who shall use or otherwise dispose of any materials,*  
5 *machinery or equipment purchased under such a certificate for any*  
6 *purpose other than that for which such a certificate is issued without the*  
7 *payment of the sales or compensating tax otherwise imposed thereon, shall*  
8 *be guilty of a misdemeanor and, upon conviction therefor, shall be subject*  
9 *to the penalties provided for in K.S.A. 79-3615(h), and amendments*  
10 *thereto. As used in this subsection, "qualified business facility," "qualified*  
11 *firm" and "qualified supplier" mean the same as defined in section 1, and*  
12 *amendments thereto.*

13       Sec. 17. K.S.A. 79-32,110 and K.S.A. 2021 Supp. 79-3606 is hereby  
14 repealed.

15       Sec. 18. This act shall take effect and be in force from and after its  
16 publication in the Kansas register.