

**HOUSE BILL No. 2471**

By Committee on Appropriations

4-26

1 AN ACT concerning economic development; enacting the transformation  
2 of passenger and freight vehicle industry act; relating to tax and other  
3 incentives for projects in specified industries or for a national corporate  
4 headquarters with specified job requirements of at least 250 new  
5 employees and specified capital investment requirements; providing for  
6 a refundable income, privilege and premium tax credit for a portion of  
7 any specified capital investment requirement; retention of certain  
8 payroll withholding taxes; sales tax exemption for project construction;  
9 establishing the transformation of passenger and freight vehicle  
10 industry act new employee training and education fund; amending  
11 K.S.A. 2022 Supp. 79-3606 and repealing the existing section.  
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. (a) This act shall be known and may be cited as the  
15 transformation of passenger and freight vehicle industry act.

16 (b) For purposes of the transformation of passenger and freight  
17 vehicle industry act:

18 (1) "Act" means the transformation of passenger and freight vehicle  
19 industry act, sections 1 through 8, and amendments thereto.

20 (2) "Applicant" means a legal entity seeking to certify as a qualified  
21 company for the economic development benefits pursuant to this act.

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

25 (4) "Commencement of commercial operations" means the date, as  
26 determined by the secretary, that the qualified business facility is first  
27 available for use by the qualified company or first capable of being used  
28 by the qualified company in the revenue-producing enterprise in which the  
29 qualified company intends to use the qualified business facility.

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

31 (A) The qualified company relocates assets that it already owns to  
32 Kansas from an out-of-state location; or

33 (B) the qualified company enters into a written agreement with a third  
34 party to acquire assets that provides either party with legally enforceable  
35 remedies if the agreement is breached.

36 (6) "Construction" means construction, reconstruction, enlarging or

1 remodeling for the purpose of constructing a qualified business facility.

2 (7) "County median wage" means the median wage paid to  
3 employees located in the county where the qualified company intends to  
4 employ new employees as reported by the department of labor in its  
5 annual Kansas wage survey for the previous year.

6 (8) "Department" means the department of commerce.

7 (9) "Electric motor vehicle" means a passenger or freight motor  
8 vehicle primarily powered by an electric motor that draws current from  
9 rechargeable storage batteries, fuel cells, photovoltaic arrays or other  
10 sources of electric current and may include an electric-hybrid vehicle.

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

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

18 (B) the qualified business facility is capable of being geographically  
19 located anywhere.

20 (11) "Hydrogen-powered vehicle" means a passenger or freight motor  
21 vehicle that uses hydrogen as a significant source of motive power, either  
22 through a fuel cell or internal combustion.

23 (12) "Metropolitan county" means the county of Douglas, Johnson,  
24 Leavenworth, Sedgwick, Shawnee or Wyandotte.

25 (13) "New employee" means a qualified business facility employee  
26 who is newly employed by the qualified company in the qualified  
27 company's business operating in Kansas during the taxable year for which  
28 benefits are sought. Qualified business facility employees performing  
29 functions directly related to a relocating, expanding or new business  
30 facility, office, department or other operation shall be considered "new  
31 employees."

32 (14) "On-the-job training" means training situations during which a  
33 product or service that can be sold or used in internal operations is  
34 generated.

35 (15) "Qualified activities" means engaging in industries that include,  
36 but are not limited to, the following:

37 (A) Any industry in the following NAICS code groups, sectors or  
38 subsectors:

39 (i) Subsector 336; or

40 (ii) industry group 335910; or

41 (B) research and development operations.

42 (16) "Qualified business facility" means a facility as defined in  
43 subparagraph (C) that satisfies the requirements of subparagraphs (A) and

1 (B):

2 (A) Such facility is for use by the qualified company in the overall  
3 operation of a revenue-producing enterprise. Such facility shall not be  
4 considered a "qualified business facility" in the hands of the qualified  
5 company if the qualified company's only activity with respect to such  
6 facility is to lease it to another person or persons. If the qualified company  
7 employs only a portion of such facility in the operation of a revenue-  
8 producing enterprise and leases another portion of such facility to another  
9 person or persons or does not otherwise use such other portions in the  
10 operation of a revenue-producing enterprise, the portion employed by the  
11 qualified company in the operation of a revenue-producing enterprise shall  
12 be considered a "qualified business facility" if the requirements of  
13 subparagraph (B) are satisfied.

14 (B) If such facility was acquired or leased by the qualified company  
15 from another person or persons, the facility was not used, either  
16 immediately prior to the transfer of title to the qualified company or to the  
17 commencement of the term of the lease to the qualified company, by any  
18 other person or persons in the operation of a revenue-producing enterprise  
19 that is the same or substantially the same as the revenue-producing  
20 enterprise continued by the qualified company at the facility.

21 (C) As used in this paragraph, "facility" means any factory, mill,  
22 plant, refinery, warehouse, headquarters, building or complex of buildings  
23 located within the state, including the land on which such facility is  
24 located and all machinery, equipment and other real and tangible personal  
25 property located at or within such facility used in connection with the  
26 operation of such facility. "Building" means only structures within which  
27 individuals are customarily employed or that are customarily used to house  
28 machinery, equipment or other property.

29 (17) (A) "Qualified business facility employee" means an individual  
30 employed by the qualified company at a qualified business facility project  
31 site, employed full time and scheduled to work for an average minimum of  
32 30 hours per week and employed for at least three consecutive months on  
33 the last day of the period covered by a department of labor quarterly wage  
34 report and unemployment tax return.

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

38 (18) "Qualified business facility investment" or "qualified  
39 investment" means the value of the real and tangible personal property,  
40 except inventory or property held for sale to customers in the ordinary  
41 course of the qualified company's business, that constitutes the qualified  
42 business facility or that is used by the qualified company in the operation  
43 of the qualified business facility, including such property used for

1 administrative or managerial functions, during the taxable years for which  
2 the credit allowed by sections 2 and 3, and amendments thereto, is  
3 claimed. "Qualified business facility investment" does not include any  
4 building, land or other real or tangible personal property that is granted,  
5 leased or transferred to the qualified company without cost to the qualified  
6 company. For purposes of calculating the qualified business facility  
7 investment, real or tangible personal property that is granted, leased or  
8 transferred to the qualified company at a cost of less than fair market value  
9 shall be reduced in value, by the difference in cost to the qualified  
10 company and fair market value. The value of such property during such  
11 taxable year shall be:

12 (A) Such property's original cost if owned by the qualified company;  
13 or

14 (B) eight times the net annual rental rate if leased by the qualified  
15 company. The net annual rental rate shall be the annual rental rate paid by  
16 the qualified company less any annual rental rate received by the qualified  
17 company from subrentals. The "qualified business facility investment"  
18 shall be determined by dividing by 12 the sum of the total value of such  
19 property on the last business day of each calendar month of the taxable  
20 year. Notwithstanding the provisions of this paragraph, for the purpose of  
21 computing the credit allowed by section 3, and amendments thereto, in the  
22 case of a "qualified business facility investment" in a qualified business  
23 facility that existed and was operated by the qualified company or a related  
24 taxpayer prior to the investment, the amount of the qualified company's  
25 investment shall be computed as follows: Such investment amount shall be  
26 reduced by the average amount, computed as provided in this paragraph,  
27 of the investment of the qualified company or a related taxpayer in the  
28 facility for the taxable year preceding the taxable year in which the  
29 "qualified business facility investment" was made in the facility.

30 (19) "Qualified company" means a for-profit business establishment,  
31 subject to state income, sales or property taxes, that is:

32 (A) Engaged in one or more of the following industries, as defined by  
33 the secretary of commerce:

- 34 (i) Electric or hydrogen-powered motor vehicle manufacturing;  
35 (ii) battery manufacturing;  
36 (iii) research and development operation; or  
37 (iv) headquarters for any of the industries described in clauses (i)  
38 through (iii);

39 (B) engaged in any industry or revenue-producing activity if seeking  
40 benefits with respect to a qualified business facility that is the national  
41 corporate headquarters of the for-profit business establishment;

42 (C) a supplier of components, sub-assemblies, chemicals or other  
43 process-related tangible goods, is located in Kansas and is owned by:

1 (i) An individual, any partnership, association, limited liability  
2 corporation or corporation domiciled in Kansas; or

3 (ii) any business, including any business owned by an individual, any  
4 partnership, association, limited liability corporation or corporation, even  
5 if the business is a wholly owned subsidiary of a foreign corporation, that  
6 operates and is registered in the state of Kansas for the purpose of  
7 supplying a qualified company engaged in qualified activities; and

8 (D) eligible for benefits under this act as determined by the secretary.

9 (20) "Research and development operation" means an operation that  
10 is conducted solely to advance scientific and technical knowledge in  
11 electric or hydrogen-powered motor vehicle manufacturing or battery  
12 manufacturing.

13 (21) "Revenue-producing enterprise" means an enterprise that creates  
14 revenue subject to potential tax liability in this state.

15 (22) "Residency in Kansas" means:

16 (A) Owning, living, renting or leasing real estate in Kansas with the  
17 intent to make the real estate or any other real estate in Kansas an  
18 employee's primary home; and

19 (B) engaging in a trade, business or profession within Kansas.

20 (23) "Secretary" means the secretary of commerce.

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

26 (i) Flexible-spending plan;

27 (ii) deferred compensation plan; or

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

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

35 (25) (A) "Training and education eligible expense" means the amount  
36 actually paid for training and education of the group of employees, or  
37 portion thereof, at any Kansas community college or technical college and  
38 from which the qualified company expects to derive increased productivity  
39 or quality.

40 (B) "Training and education eligible expense" includes instructor  
41 salaries, curriculum planning and development, materials and supplies,  
42 textbooks, manuals, minor training equipment, certain training facility  
43 costs and any other expenditure that is eligible under the Kansas industrial

1 training or the Kansas industrial retraining programs.

2 (C) "Training and education eligible expense" may include, subject to  
3 maximum limits determined by the secretary:

4 (i) Wages of employees during eligible training; and

5 (ii) salaries of employee instructors.

6 (D) "Training and education eligible expense" does not include:

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

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

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

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

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

18 (vi) training and education costs covered by moneys or grants  
19 obtained from state, federal or other government-sponsored workforce  
20 training programs; and

21 (vii) training and education costs that were paid to a non-Kansas  
22 college or technical college or any other entity that is not a Kansas college  
23 or technical college.

24 New Sec. 2. (a) There is hereby established the transformation of  
25 passenger and freight vehicle industry program to be administered by the  
26 secretary of commerce. The purpose of the transformation of passenger  
27 and freight vehicle industry program is to attract businesses engaged in  
28 electric motor vehicle and hydrogen-powered vehicle production industries  
29 to build new business facilities and operations, research and development  
30 operation or new national headquarters in Kansas and to encourage the  
31 development of a Kansas-based supply chain for such enterprises.

32 (b) A qualified company or qualified companies that jointly meet the  
33 requirements of this act may be eligible for the following incentives as  
34 approved by the secretary:

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

37 (2) retention of a percentage of total payroll tax pursuant to section 4,  
38 and amendments thereto;

39 (3) reimbursement of a percentage of eligible employee training and  
40 education expenses pursuant to sections 5 and 6, and amendments thereto;  
41 and

42 (4) a sales tax exemption for construction costs of a qualified  
43 business facility pursuant to K.S.A. 79-3606, and amendments thereto, and

1 section 7, and amendments thereto.

2 (c) To be eligible to receive an incentive listed in subsection (b), a  
3 qualified company, or jointly in the case of two or more qualified  
4 companies, shall meet the requirements of this act, including any  
5 requirements or provisions specific to each such incentive, and any rules  
6 and regulations of the secretary pursuant to this act and shall:

7 (1) Submit an application to the secretary in the form and manner  
8 prescribed by the secretary that describes a project that achieves the  
9 purposes of this act and includes all information as required by the  
10 secretary. Two or more qualified companies may jointly submit an  
11 application to meet the requirements of the act;

12 (2) complete the project described in the application within five years  
13 of the date as specified in the agreement with the secretary;

14 (3) hire a minimum of 250 new employees within five years from the  
15 date specified in the agreement with the secretary;

16 (4) retain new employees as specified in the agreement for a period  
17 determined by the secretary;

18 (5) in the case of a qualified company that submits an application to  
19 construct a qualified business facility for an electric or hydrogen motor  
20 vehicle assembly operation project, make a qualified business facility  
21 investment of at least \$250,000,000 to be completed within five years of  
22 such date as specified in the agreement with the secretary made pursuant  
23 to this section and commence commercial operations within five years of  
24 either the commitment to invest or the date as specified in the agreement.  
25 This capital investment requirement shall not apply to other eligible  
26 applicants;

27 (6) if requested by the secretary, prior to making a commitment to  
28 invest in a qualified business facility, submit a certificate of intent to invest  
29 in the qualified business facility to the secretary in the form and manner  
30 required by the secretary, including, if requested by the secretary, a date  
31 when investment will commence;

32 (7) if the application is approved by the secretary, enter into a binding  
33 agreement with the secretary with such terms and conditions as required  
34 by the secretary and including the commitments required by this act. The  
35 agreement shall be entered into before any benefits may be provided under  
36 this act. The secretary shall not enter into an agreement with any qualified  
37 company after December 31, 2026; and

38 (8) commit to repayment of any benefit or benefits received,  
39 connected to or associated with a term or a condition of the agreement that  
40 has been breached as determined by the secretary and the forfeiture of any  
41 such earned benefits and the suspension or cessation of such future  
42 benefits for as long as the breach is not corrected.

43 (d) (1) The secretary shall conduct an annual review of the activities

1 undertaken by a qualified company or qualified companies to ensure that  
2 the qualified company or qualified companies:

3 (A) Remain in good standing with the state;

4 (B) remain in compliance with the provisions of this act, any rules  
5 and regulations adopted by the secretary with respect to this act and any  
6 agreement entered into pursuant to this act; and

7 (C) continue to meet the requirements for the benefits provided under  
8 this act.

9 (2) The secretary of commerce shall certify annually to the secretary  
10 of revenue that the qualified company or qualified companies meet the  
11 criteria for designation as a qualified company or qualified companies and  
12 are eligible for such benefits. The secretary of commerce may obtain any  
13 and all information reasonably necessary to determine such eligibility.  
14 Such information shall be confidential to the same extent as information  
15 provided to the secretary to determine eligibility pursuant to K.S.A.74-  
16 50,131, and amendments thereto.

17 (3) Confidential financial information, any trade secret or other  
18 information that, if known, would place the qualified company or qualified  
19 companies at a disadvantage in the marketplace or would significantly  
20 interfere with the purposes of this act in the judgment of the secretary that  
21 is obtained under this section shall not be subject to disclosure pursuant to  
22 K.S.A. 45-215 et seq., and amendments thereto, but shall be made  
23 available to the division of legislative post audit upon request. The  
24 provisions of this paragraph shall expire on July 1, 2030, unless the  
25 legislature reviews and reenacts such provisions pursuant to K.S.A. 45-  
26 229, and amendments thereto.

27 (e) (1) The books and records concerning investments made, sales,  
28 employment and wages of any employees for which the qualified company  
29 or qualified companies or third party has retained any Kansas payroll  
30 withholding taxes or any other financial, employee or other records that  
31 pertain to eligibility for benefits or compliance with the requirements of  
32 this act shall be available for inspection by the secretary or the secretary's  
33 duly authorized agents or employees.

34 (2) (A) Any inspection conducted pursuant to paragraph (1) shall be  
35 started and completed within business hours.

36 (B) The secretary shall provide written notice to the qualified  
37 company or qualified companies or third party of any such upcoming  
38 inspection 10 days before such inspection is conducted.

39 (3) The secretary may request the department of revenue to audit the  
40 qualified company or qualified companies, or a third party if applicable,  
41 for compliance with the provisions of this act.

42 (f) The secretary of revenue, in consultation with the secretary of  
43 commerce, shall develop a form that shall be completed annually by any

1 qualified company that received any tax benefit pursuant to this section  
2 and section 3 or 4, and amendments thereto. Such form shall require, at a  
3 minimum, the information required by K.S.A. 79-32,243(a)(1) through (a)  
4 (6), and amendments thereto, any other information as shall reasonably be  
5 required by the secretary of revenue and the secretary of commerce. The  
6 contents of the completed form shall be confidential except as provided in  
7 K.S.A. 79-32,234, and amendments thereto.

8 (g) The secretary of commerce or the secretary of revenue may adopt  
9 rules and regulations for the implementation of this act.

10 New Sec. 3. (a) (1) For taxable years commencing after January 1,  
11 2024, a qualified company that makes a qualified business investment in a  
12 qualified business facility and meets the requirements of section 2, and  
13 amendments thereto, and of this section shall be allowed a credit for such  
14 investment as provided by this section against the tax imposed by the  
15 Kansas income tax act, the premium tax or privilege fees imposed  
16 pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as  
17 measured by the net income of financial institutions imposed pursuant to  
18 article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments  
19 thereto. The credit shall be earned by the taxpayer each taxable year based  
20 on the amount of the qualified investment made in that taxable year as  
21 further provided in this section. The entire amount of the credit that is  
22 earned each taxable year shall not be claimed by the taxpayer in the  
23 taxable year that such credit is earned but shall be divided into equal  
24 portions or installments, as determined by the secretary. A portion or  
25 installment shall be claimed by the qualified company commencing with  
26 the taxable year after the credit is earned and an equivalent amount of such  
27 portion or installment shall be claimed in each of the next successive  
28 taxable years for not less than a total of five taxable years, as determined  
29 by the secretary.

30 (2) The amount of the tax credit earned in a taxable year pursuant to  
31 this subsection shall be up to 10%, at the discretion of the secretary, of the  
32 entire amount of the qualified investment that is invested during such  
33 taxable year, except for qualified investments for eligible projects located  
34 outside of a metropolitan county. For eligible projects located outside of a  
35 metropolitan county, the amount of the tax credit earned in a taxable year  
36 shall be 10%. Such percentage shall be set forth in the agreement pursuant  
37 to section 2, and amendments thereto. The total qualified investment shall  
38 be completed within five years commencing from the date specified in the  
39 agreement. The total amount of the qualified investment shall be at least  
40 \$250,000,000 for a qualified company that submits an application to  
41 construct a qualified business facility for an electric or hydrogen motor  
42 vehicle assembly operation project and shall repay to the state all tax  
43 credits received if the total qualified investment is not completed at the

1 project completion date as specified in the agreement.

2 (b) The secretary of commerce shall set forth in the agreement  
3 entered into pursuant to section 2, and amendments thereto, a percentage  
4 of the earned tax credit that may be refundable when claimed. Such  
5 percentage of a tax credit installment may be refundable to such taxpayer  
6 if the amount of the tax credit claimed for that taxable year exceeds the  
7 taxpayer's tax liability for such year. The secretary shall set forth in the  
8 agreement any additional provisions, if necessary, regarding the  
9 disposition of the earned tax credits. No earned tax credit shall be  
10 refundable after the taxable year period that such credit may be claimed, as  
11 determined by the secretary.

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

22 (d) If the qualified company or qualified companies breach the terms  
23 and conditions of the agreement entered into pursuant to section 2, and  
24 amendments thereto, and fail to reach at least 90% of the qualified  
25 investment required under section 2, and amendments thereto, the  
26 qualified company or qualified companies shall be liable for repayment of  
27 the amount of the tax credits to the state and all other benefits received  
28 under this act as provided by section 2, and amendments thereto.

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

35 New Sec. 4. (a) For taxable years commencing after January 1, 2024,  
36 a qualified company that meets the requirements of section 2, and  
37 amendments thereto, and this section may be eligible to retain up to 100%,  
38 as determined by the secretary, of the qualified company's Kansas payroll  
39 withholding taxes under the Kansas withholding and declaration of  
40 estimated tax act for the qualified company's employees in a taxable year  
41 that the qualified company maintains a median wage or average wage paid  
42 to the new employees that is equal to or greater than 120% of the county  
43 median wage throughout the term of the agreement with the secretary as

1 provided in section 2, and amendments thereto. This benefit shall be  
2 available for a period of up to 10 successive taxable years, as determined  
3 by the secretary. A qualified company or qualified companies shall be  
4 eligible to earn benefits of this section commencing on the date that the  
5 qualified company or qualified companies enter into an agreement with the  
6 secretary as provided in section 2, and amendments thereto, or a date as  
7 determined by the secretary, but not later than three calendar years after  
8 the year the qualified company enters into the agreement with the secretary  
9 as provided in section 2, and amendments thereto.

10 (b) If approved by the secretary, a qualified company shall enter into  
11 an agreement with the secretary, as required pursuant to section 2, and  
12 amendments thereto, with such terms and conditions as may be required  
13 by the secretary. In addition, the agreement shall set forth the percentage of  
14 payroll withholding taxes to be retained each year and any requirements or  
15 performance targets to receive such benefits, as determined by the  
16 secretary.

17 (c) The agreement between the secretary of commerce and a qualified  
18 company shall specify that, if a qualified company breaches the terms and  
19 conditions set forth in the agreement and is unable to hire and or retain a  
20 minimum of 90% of the number of new employees as specified in the  
21 agreement and as required pursuant to section 2, and amendments thereto,  
22 a qualified company shall be required to remit to the state an amount that  
23 shall be determined by comparing the shortfall in job creation and  
24 retention, expressed as a percentage, to the amount of the aggregate  
25 Kansas payroll withholding taxes retained by the qualified company or  
26 remitted to the qualified company by a third party, as provided by section  
27 2, and amendments thereto.

28 (d) For each year that the agreement is in effect, the secretary of  
29 commerce shall certify to the secretary of revenue:

30 (1) That a qualified company is eligible to receive benefits under this  
31 act and the terms of the agreement;

32 (2) the number of employees;

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

34 (4) the percentage of payroll withholding taxes to be retained by the  
35 qualified company.

36 (e) Any qualified company that has entered into an agreement with  
37 the secretary of commerce pursuant to this section and section 2, and  
38 amendments thereto, and is eligible to receive benefits pursuant to this  
39 section, shall complete and submit to the department of revenue the  
40 amount of Kansas payroll withholding tax being retained by a qualified  
41 company in the form and manner prescribed by the director of taxation.

42 (f) The secretary of revenue and the secretary of commerce shall  
43 cooperate to develop and coordinate procedures to implement the

1 provisions of this act.

2 New Sec. 5. (a) On and after July 1, 2023, a qualified company that  
3 meets the requirements of section 2, and amendments thereto, and this  
4 section and that has entered into an agreement with the secretary, as  
5 provided by section 2, and amendments thereto, may be eligible for  
6 reimbursement for up to one year of training and education eligible  
7 expenses for training or education completed by each new employee, as  
8 determined by the secretary and as provided by this section. The maximum  
9 amount of reimbursement paid to a qualified company shall be \$5,000,000  
10 per qualifying project.

11 (b) A qualified company shall be eligible commencing on the date the  
12 qualified company enters into an agreement with the secretary as provided  
13 in section 2, and amendments thereto, or as determined by the secretary.  
14 Only training and education expenses for new employees that establish  
15 residency in Kansas at the completion of the training or education program  
16 and are employed at a qualified business facility of a qualified company  
17 that is located and operating in Kansas shall be eligible for reimbursement.

18 (c) If approved by the secretary, the qualified company shall enter  
19 into an agreement with the secretary with such terms and conditions as  
20 may be required by the secretary and commitments required by this act, as  
21 provided pursuant to section 2, and amendments thereto. The agreement  
22 shall require an annual showing of eligibility, including evidence showing  
23 the number of new hires, amount of eligible training and education  
24 expense and state residency of the employee trainee at the completion of  
25 the training, for each year that the incentive is claimed.

26 (d) Subject to appropriations therefor, reimbursement in the amount  
27 approved by the secretary and pursuant to the terms of the agreement and  
28 the limitations of subsection (a) shall be made by the secretary from the  
29 transformation of passenger and freight vehicle industry act new employee  
30 training and education fund established in section 6, and amendments  
31 thereto, in accordance with appropriation acts upon warrants of the  
32 director of accounts and reports issued pursuant to vouchers approved by  
33 the secretary of commerce or the secretary's designee.

34 (e) No reimbursement shall be issued unless the qualified company  
35 can demonstrate that the employee trainee has established Kansas  
36 residency by the completion date of their training and has been certified by  
37 the secretary, as provided in section 2, and amendments thereto, as meeting  
38 all requirements of this act, any rules and regulations of the secretary and  
39 the agreement executed pursuant to section 2, and amendments thereto.

40 (f) If a qualified company breaches the terms and conditions of the  
41 agreement pursuant to section 2, and amendments thereto, reimbursements  
42 shall be repaid to the state as provided by section 2, and amendments  
43 thereto.

1 New Sec. 6. There is hereby established in the state treasury the  
2 transformation of passenger and freight vehicle industry act new employee  
3 training and education fund to be administered by the secretary of  
4 commerce. All moneys credited to the transformation of passenger and  
5 freight vehicle industry act new employee training and education fund  
6 shall be used by the Kansas department of commerce for reimbursement to  
7 qualified companies for training and education eligible expenses pursuant  
8 to the provisions of sections 2 and 5, and amendments thereto. All  
9 expenditures from the transformation of passenger and freight vehicle  
10 industry act new employee training and education fund shall be made in  
11 accordance with appropriation acts upon warrants of the director of  
12 accounts and reports issued pursuant to vouchers approved by the  
13 secretary of commerce or the secretary's designee.

14 New Sec. 7. (a) On and after July 1, 2023, a qualified company that  
15 meets the requirements of section 2, and amendments thereto, and this  
16 section may be eligible for a sales tax exemption under the provisions of  
17 K.S.A. 79-3606(oooo), and amendments thereto.

18 (b) Qualified companies that satisfy the requirements set forth in  
19 subsection (c) shall qualify for the sales tax exemption commencing on the  
20 date that the qualified company commences construction of the qualified  
21 business facility, as determined by the secretary of commerce, or an earlier  
22 date if agreed by the secretary and incorporated into the agreement  
23 pursuant to section 2, and amendments thereto.

24 (c) To be eligible to receive the sales tax exemption, the qualified  
25 company shall have been approved by and entered into an agreement with  
26 the secretary pursuant to the requirements of this act. The secretary of  
27 commerce shall provide notice to the secretary of revenue regarding an  
28 approval of a sales tax exemption under this section. The sales tax  
29 exemption shall be valid until construction of the qualified business  
30 facility has been completed as certified by the secretary of commerce to  
31 the secretary of revenue or the date specified for completion of the  
32 qualified business facility in the agreement executed pursuant to section 2,  
33 and amendments thereto, whichever occurs first. No sales tax exemption  
34 shall be issued by the secretary of revenue unless the qualified company or  
35 qualified companies has been certified by the secretary of commerce, as  
36 provided in section 2, and amendments thereto, as meeting all  
37 requirements of this act, the rules and regulations of the secretary, if any,  
38 and the agreement executed pursuant to section 2, and amendments  
39 thereto.

40 (d) A sales tax exemption shall be revoked by the secretary of  
41 revenue upon notification by the secretary of commerce that the qualified  
42 company has been disapproved by the secretary of commerce.

43 (e) If a qualified company breaches the terms and conditions of the

1 agreement pursuant to section 2, and amendments thereto, and is unable to  
2 hire and or retain a minimum of 90% of the number of new employees as  
3 specified in the agreement and as required pursuant to section 2, and  
4 amendments thereto, a qualified company shall be required to remit to the  
5 state an amount that shall be determined by comparing the shortfall in job  
6 creation and retention, expressed as a percentage, to the amount of the  
7 sales tax exemption as provided by section 2, and amendments thereto.

8 New Sec. 8. On or before January 31 of each year, the secretary of  
9 commerce shall transmit to the governor, the senate standing committees  
10 on assessment and taxation and commerce and the house of representatives  
11 standing committees on taxation and commerce, labor and economic  
12 development, or any successor committee, a report based on information  
13 received from each qualified company receiving benefits under this act,  
14 describing, at a minimum, the following:

- 15 (a) The names of the qualified companies;
- 16 (b) the types of qualified companies utilizing the act;
- 17 (c) the location of such companies and the location, description and  
18 economic and industry impact of such companies' business operations in  
19 Kansas;
- 20 (d) the cumulative number of new employees hired and the new  
21 employees hired in that calendar year, with respect to each qualified  
22 company;
- 23 (e) the number of employees who reside in Kansas and the number of  
24 employees who reside in other states, designated with respect to each other  
25 state and, if available, the number of employees who have relocated to  
26 Kansas from another state;
- 27 (f) the wages paid for such new employees;
- 28 (g) the annual and cumulative amount of investments made;
- 29 (h) the annual amount of each benefit provided under this act;
- 30 (i) the estimated net state fiscal impact, including the direct and  
31 indirect new state taxes derived from the new employees hired;
- 32 (j) an estimate of the multiplier effect on the Kansas economy of the  
33 benefits received under this act; and
- 34 (k) any material defaults by a qualified company of the terms of any  
35 agreement pursuant to section 2, and amendments thereto.

36 Sec. 9. K.S.A. 2022 Supp. 79-3606 is hereby amended to read as  
37 follows: 79-3606. The following shall be exempt from the tax imposed by  
38 this act:

- 39 (a) All sales of motor-vehicle fuel or other articles upon which a sales  
40 or excise tax has been paid, not subject to refund, under the laws of this  
41 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-  
42 3301, and amendments thereto, including consumable material for such  
43 electronic cigarettes, cereal malt beverages and malt products as defined

1 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,  
2 malt syrup and malt extract, that is not subject to taxation under the  
3 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles  
4 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed  
5 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and  
6 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments  
7 thereto, and gross receipts from regulated sports contests taxed pursuant to  
8 the Kansas professional regulated sports act, and amendments thereto;

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

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

39 (d) all sales of tangible personal property or services purchased by a  
40 contractor for the purpose of constructing, equipping, reconstructing,  
41 maintaining, repairing, enlarging, furnishing or remodeling facilities for  
42 any public or private nonprofit hospital or public hospital authority, public  
43 or private elementary or secondary school, a public or private nonprofit

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

1 and regulations adopted by the secretary establishing conditions and  
2 standards for the granting and maintaining of such status. All invoices  
3 shall be held by the contractor for a period of five years and shall be  
4 subject to audit by the director of taxation. If any materials purchased  
5 under such a certificate are found not to have been incorporated in the  
6 building or other project or not to have been returned for credit or the sales  
7 or compensating tax otherwise imposed upon such materials that will not  
8 be so incorporated in the building or other project reported and paid by  
9 such contractor to the director of taxation not later than the 20<sup>th</sup> day of the  
10 month following the close of the month in which it shall be determined  
11 that such materials will not be used for the purpose for which such  
12 certificate was issued, the political subdivision, district described in  
13 subsection (s), hospital or public hospital authority, school, educational  
14 institution or the contractor contracting with the department of corrections  
15 for a correctional institution concerned shall be liable for tax on all  
16 materials purchased for the project, and upon payment thereof it may  
17 recover the same from the contractor together with reasonable attorney  
18 fees. Any contractor or any agent, employee or subcontractor thereof, who  
19 shall use or otherwise dispose of any materials purchased under such a  
20 certificate for any purpose other than that for which such a certificate is  
21 issued without the payment of the sales or compensating tax otherwise  
22 imposed upon such materials, shall be guilty of a misdemeanor and, upon  
23 conviction therefor, shall be subject to the penalties provided for in K.S.A.  
24 79-3615(h), and amendments thereto;

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

1 issuing and furnishing project exemption certificates to contractors  
2 pursuant to rules and regulations adopted by the secretary establishing  
3 conditions and standards for the granting and maintaining of such status.  
4 All invoices shall be held by the contractor for a period of five years and  
5 shall be subject to audit by the director of taxation. Any contractor or any  
6 agent, employee or subcontractor thereof, who shall use or otherwise  
7 dispose of any materials purchased under such a certificate for any purpose  
8 other than that for which such a certificate is issued without the payment  
9 of the sales or compensating tax otherwise imposed upon such materials,  
10 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
11 subject to the penalties provided for in K.S.A. 79-3615(h), and  
12 amendments thereto;

13 (f) tangible personal property purchased by a railroad or public utility  
14 for consumption or movement directly and immediately in interstate  
15 commerce;

16 (g) sales of aircraft including remanufactured and modified aircraft  
17 sold to persons using directly or through an authorized agent such aircraft  
18 as certified or licensed carriers of persons or property in interstate or  
19 foreign commerce under authority of the laws of the United States or any  
20 foreign government or sold to any foreign government or agency or  
21 instrumentality of such foreign government and all sales of aircraft for use  
22 outside of the United States and sales of aircraft repair, modification and  
23 replacement parts and sales of services employed in the remanufacture,  
24 modification and repair of aircraft;

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

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

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

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

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

1 (m) all sales of tangible personal property that become an ingredient  
2 or component part of tangible personal property or services produced,  
3 manufactured or compounded for ultimate sale at retail within or without  
4 the state of Kansas; and any such producer, manufacturer or compounder  
5 may obtain from the director of taxation and furnish to the supplier an  
6 exemption certificate number for tangible personal property for use as an  
7 ingredient or component part of the property or services produced,  
8 manufactured or compounded;

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

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

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

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

43 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,

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

20 (s) except as provided in K.S.A. 82a-2101, and amendments thereto,  
21 all sales of tangible personal property or services purchased directly or  
22 indirectly by a groundwater management district organized or operating  
23 under the authority of K.S.A. 82a-1020 et seq., and amendments thereto,  
24 by a rural water district organized or operating under the authority of  
25 K.S.A. 82a-612, and amendments thereto, or by a water supply district  
26 organized or operating under the authority of K.S.A. 19-3501 et seq., 19-  
27 3522 et seq. or 19-3545, and amendments thereto, which property or  
28 services are used in the construction activities, operation or maintenance of  
29 the district;

30 (t) all sales of farm machinery and equipment or aquaculture  
31 machinery and equipment, repair and replacement parts therefor and  
32 services performed in the repair and maintenance of such machinery and  
33 equipment. For the purposes of this subsection the term "farm machinery  
34 and equipment or aquaculture machinery and equipment" shall include a  
35 work-site utility vehicle, as defined in K.S.A. 8-126, and amendments  
36 thereto, and is equipped with a bed or cargo box for hauling materials, and  
37 shall also include machinery and equipment used in the operation of  
38 Christmas tree farming but shall not include any passenger vehicle, truck,  
39 truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as  
40 such terms are defined by K.S.A. 8-126, and amendments thereto. "Farm  
41 machinery and equipment" includes precision farming equipment that is  
42 portable or is installed or purchased to be installed on farm machinery and  
43 equipment. "Precision farming equipment" includes the following items

1 used only in computer-assisted farming, ranching or aquaculture  
2 production operations: Soil testing sensors, yield monitors, computers,  
3 monitors, software, global positioning and mapping systems, guiding  
4 systems, modems, data communications equipment and any necessary  
5 mounting hardware, wiring and antennas. Each purchaser of farm  
6 machinery and equipment or aquaculture machinery and equipment  
7 exempted herein must certify in writing on the copy of the invoice or sales  
8 ticket to be retained by the seller that the farm machinery and equipment  
9 or aquaculture machinery and equipment purchased will be used only in  
10 farming, ranching or aquaculture production. Farming or ranching shall  
11 include the operation of a feedlot and farm and ranch work for hire and the  
12 operation of a nursery;

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

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

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

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

43 (y) all sales of materials and services used in the repairing, servicing,

1 altering, maintaining, manufacturing, remanufacturing, or modification of  
2 railroad rolling stock for use in interstate or foreign commerce under  
3 authority of the laws of the United States;

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

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

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

18 (cc) all sales of tangible personal property or services purchased prior  
19 to January 1, 2012, except as otherwise provided, for the purpose of and in  
20 conjunction with constructing, reconstructing, enlarging or remodeling a  
21 business or retail business that meets the requirements established in  
22 K.S.A. 74-50,115, and amendments thereto, and the sale and installation of  
23 machinery and equipment purchased for installation at any such business  
24 or retail business, and all sales of tangible personal property or services  
25 purchased on or after January 1, 2012, for the purpose of and in  
26 conjunction with constructing, reconstructing, enlarging or remodeling a  
27 business that meets the requirements established in K.S.A. 74-50,115(e),  
28 and amendments thereto, and the sale and installation of machinery and  
29 equipment purchased for installation at any such business. When a person  
30 shall contract for the construction, reconstruction, enlargement or  
31 remodeling of any such business or retail business, such person shall  
32 obtain from the state and furnish to the contractor an exemption certificate  
33 for the project involved, and the contractor may purchase materials,  
34 machinery and equipment for incorporation in such project. The contractor  
35 shall furnish the number of such certificates to all suppliers from whom  
36 such purchases are made, and such suppliers shall execute invoices  
37 covering the same bearing the number of such certificate. Upon  
38 completion of the project the contractor shall furnish to the owner of the  
39 business or retail business a sworn statement, on a form to be provided by  
40 the director of taxation, that all purchases so made were entitled to  
41 exemption under this subsection. All invoices shall be held by the  
42 contractor for a period of five years and shall be subject to audit by the  
43 director of taxation. Any contractor or any agent, employee or

1 subcontractor thereof, who shall use or otherwise dispose of any materials,  
2 machinery or equipment purchased under such a certificate for any  
3 purpose other than that for which such a certificate is issued without the  
4 payment of the sales or compensating tax otherwise imposed thereon, shall  
5 be guilty of a misdemeanor and, upon conviction therefor, shall be subject  
6 to the penalties provided for in K.S.A. 79-3615(h), and amendments  
7 thereto. As used in this subsection, "business" and "retail business" mean  
8 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project  
9 exemption certificates that have been previously issued under this  
10 subsection by the department of revenue pursuant to K.S.A. 74-50,115,  
11 and amendments thereto, but not including K.S.A. 74-50,115(e), and  
12 amendments thereto, prior to January 1, 2012, and have not expired will be  
13 effective for the term of the project or two years from the effective date of  
14 the certificate, whichever occurs earlier. Project exemption certificates that  
15 are submitted to the department of revenue prior to January 1, 2012, and  
16 are found to qualify will be issued a project exemption certificate that will  
17 be effective for a two-year period or for the term of the project, whichever  
18 occurs earlier;

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

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

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

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

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

1 (ii) all sales of tangible personal property purchased directly by a  
2 nonprofit organization for nonsectarian comprehensive multidiscipline  
3 youth development programs and activities provided or sponsored by such  
4 organization, and all sales of tangible personal property by or on behalf of  
5 any such organization. This exemption shall not apply to tangible personal  
6 property customarily used for human habitation purposes;

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

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

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

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

29 (2) For purposes of this subsection:

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

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

43 (C) "manufacturing or processing plant or facility" means a single,

1 fixed location owned or controlled by a manufacturing or processing  
2 business that consists of one or more structures or buildings in a  
3 contiguous area where integrated production operations are conducted to  
4 manufacture or process tangible personal property to be ultimately sold at  
5 retail. Such term shall not include any facility primarily operated for the  
6 purpose of conveying or assisting in the conveyance of natural gas,  
7 electricity, oil or water. A business may operate one or more manufacturing  
8 or processing plants or facilities at different locations to manufacture or  
9 process a single product of tangible personal property to be ultimately sold  
10 at retail;

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

1 (E) "repair and replacement parts and accessories" means all parts  
2 and accessories for exempt machinery and equipment, including, but not  
3 limited to, dies, jigs, molds, patterns and safety devices that are attached to  
4 exempt machinery or that are otherwise used in production, and parts and  
5 accessories that require periodic replacement such as belts, drill bits,  
6 grinding wheels, grinding balls, cutting bars, saws, refractory brick and  
7 other refractory items for exempt kiln equipment used in production  
8 operations;

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

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

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

15 (B) transport, convey, handle or store the property undergoing  
16 manufacturing or processing at any point from the beginning of the  
17 production line through any warehousing or distribution operation of the  
18 final product that occurs at the plant or facility;

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

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

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

26 (F) plan, manage, control or record the receipt and flow of inventories  
27 of raw materials, consumables and component parts, the flow of the  
28 property undergoing manufacturing or processing and the management of  
29 inventories of the finished product;

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

33 (H) package the property being manufactured or processed in a  
34 container or wrapping in which such property is normally sold or  
35 transported;

36 (I) transmit or transport electricity, coke, gas, water, steam or similar  
37 substances used in production operations from the point of generation, if  
38 produced by the manufacturer or processor at the plant site, to that  
39 manufacturer's production operation; or, if purchased or delivered from  
40 off-site, from the point where the substance enters the site of the plant or  
41 facility to that manufacturer's production operations;

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

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

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

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

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

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

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

41 (B) machinery, equipment and tools used primarily in maintaining  
42 and repairing any type of machinery and equipment or the building and  
43 plant;

1 (C) transportation, transmission and distribution equipment not  
2 primarily used in a production, warehousing or material handling  
3 operation at the plant or facility, including the means of conveyance of  
4 natural gas, electricity, oil or water, and equipment related thereto, located  
5 outside the plant or facility;

6 (D) office machines and equipment including computers and related  
7 peripheral equipment not used directly and primarily to control or measure  
8 the manufacturing process;

9 (E) furniture and other furnishings;

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

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

16 (H) machinery and equipment used for general plant heating, cooling  
17 and lighting;

18 (I) motor vehicles that are registered for operation on public  
19 highways; or

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

23 (6) Paragraphs (3) and (5) shall not be construed as exclusive listings  
24 of the machinery and equipment that qualify or do not qualify as an  
25 integral or essential part of an integrated production operation. When  
26 machinery or equipment is used as an integral or essential part of  
27 production operations part of the time and for nonproduction purposes at  
28 other times, the primary use of the machinery or equipment shall  
29 determine whether or not such machinery or equipment qualifies for  
30 exemption.

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

33 (II) all sales of educational materials purchased for distribution to the  
34 public at no charge by a nonprofit corporation organized for the purpose of  
35 encouraging, fostering and conducting programs for the improvement of  
36 public health, except that for taxable years commencing after December  
37 31, 2013, this subsection shall not apply to any sales of such materials  
38 purchased by a nonprofit corporation which performs any abortion, as  
39 defined in K.S.A. 65-6701, and amendments thereto;

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (4) the American diabetes association Kansas affiliate, inc. for the  
8 purpose of eliminating diabetes through medical research, public education  
9 focusing on disease prevention and education, patient education including  
10 information on coping with diabetes, and professional education and  
11 training;

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

17 (6) the Kansas chapters of the Alzheimer's disease and related  
18 disorders association, inc. for the purpose of providing assistance and  
19 support to persons in Kansas with Alzheimer's disease, and their families  
20 and caregivers;

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

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

27 (9) the heartstrings community foundation for the purpose of  
28 providing training, employment and activities for adults with  
29 developmental disabilities;

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

33 (11) the spina bifida association of Kansas for the purpose of  
34 providing financial, educational and practical aid to families and  
35 individuals with spina bifida. Such aid includes, but is not limited to,  
36 funding for medical devices, counseling and medical educational  
37 opportunities;

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

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

- 1 (14) the dreams work, inc., for the purpose of providing young adult  
2 day services to individuals with developmental disabilities and assisting  
3 families in avoiding institutional or nursing home care for a  
4 developmentally disabled member of their family;
- 5 (15) the KSDS, Inc., for the purpose of promoting the independence  
6 and inclusion of people with disabilities as fully participating and  
7 contributing members of their communities and society through the  
8 training and providing of guide and service dogs to people with  
9 disabilities, and providing disability education and awareness to the  
10 general public;
- 11 (16) the lyme association of greater Kansas City, Inc., for the purpose  
12 of providing support to persons with lyme disease and public education  
13 relating to the prevention, treatment and cure of lyme disease;
- 14 (17) the dream factory, inc., for the purpose of granting the dreams of  
15 children with critical and chronic illnesses;
- 16 (18) the Ottawa Suzuki strings, inc., for the purpose of providing  
17 students and families with education and resources necessary to enable  
18 each child to develop fine character and musical ability to the fullest  
19 potential;
- 20 (19) the international association of lions clubs for the purpose of  
21 creating and fostering a spirit of understanding among all people for  
22 humanitarian needs by providing voluntary services through community  
23 involvement and international cooperation;
- 24 (20) the Johnson county young matrons, inc., for the purpose of  
25 promoting a positive future for members of the community through  
26 volunteerism, financial support and education through the efforts of an all  
27 volunteer organization;
- 28 (21) the American cancer society, inc., for the purpose of eliminating  
29 cancer as a major health problem by preventing cancer, saving lives and  
30 diminishing suffering from cancer, through research, education, advocacy  
31 and service;
- 32 (22) the community services of Shawnee, inc., for the purpose of  
33 providing food and clothing to those in need;
- 34 (23) the angel babies association, for the purpose of providing  
35 assistance, support and items of necessity to teenage mothers and their  
36 babies; and
- 37 (24) the Kansas fairgrounds foundation for the purpose of the  
38 preservation, renovation and beautification of the Kansas state fairgrounds;
- 39 (ww) all sales of tangible personal property purchased by the habitat  
40 for humanity for the exclusive use of being incorporated within a housing  
41 project constructed by such organization;
- 42 (xx) all sales of tangible personal property and services purchased by  
43 a nonprofit zoo that is exempt from federal income taxation pursuant to

1 section 501(c)(3) of the federal internal revenue code of 1986, or on behalf  
2 of such zoo by an entity itself exempt from federal income taxation  
3 pursuant to section 501(c)(3) of the federal internal revenue code of 1986  
4 contracted with to operate such zoo and all sales of tangible personal  
5 property or services purchased by a contractor for the purpose of  
6 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
7 furnishing or remodeling facilities for any nonprofit zoo that would be  
8 exempt from taxation under the provisions of this section if purchased  
9 directly by such nonprofit zoo or the entity operating such zoo. Nothing in  
10 this subsection shall be deemed to exempt the purchase of any construction  
11 machinery, equipment or tools used in the constructing, equipping,  
12 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
13 facilities for any nonprofit zoo. When any nonprofit zoo shall contract for  
14 the purpose of constructing, equipping, reconstructing, maintaining,  
15 repairing, enlarging, furnishing or remodeling facilities, it shall obtain  
16 from the state and furnish to the contractor an exemption certificate for the  
17 project involved, and the contractor may purchase materials for  
18 incorporation in such project. The contractor shall furnish the number of  
19 such certificate to all suppliers from whom such purchases are made, and  
20 such suppliers shall execute invoices covering the same bearing the  
21 number of such certificate. Upon completion of the project the contractor  
22 shall furnish to the nonprofit zoo concerned a sworn statement, on a form  
23 to be provided by the director of taxation, that all purchases so made were  
24 entitled to exemption under this subsection. All invoices shall be held by  
25 the contractor for a period of five years and shall be subject to audit by the  
26 director of taxation. If any materials purchased under such a certificate are  
27 found not to have been incorporated in the building or other project or not  
28 to have been returned for credit or the sales or compensating tax otherwise  
29 imposed upon such materials that will not be so incorporated in the  
30 building or other project reported and paid by such contractor to the  
31 director of taxation not later than the 20<sup>th</sup> day of the month following the  
32 close of the month in which it shall be determined that such materials will  
33 not be used for the purpose for which such certificate was issued, the  
34 nonprofit zoo concerned shall be liable for tax on all materials purchased  
35 for the project, and upon payment thereof it may recover the same from  
36 the contractor together with reasonable attorney fees. Any contractor or  
37 any agent, employee or subcontractor thereof, who shall use or otherwise  
38 dispose of any materials purchased under such a certificate for any purpose  
39 other than that for which such a certificate is issued without the payment  
40 of the sales or compensating tax otherwise imposed upon such materials,  
41 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
42 subject to the penalties provided for in K.S.A. 79-3615(h), and  
43 amendments thereto;

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

4 (zz) all sales of machinery and equipment purchased by over-the-air,  
5 free access radio or television station that is used directly and primarily for  
6 the purpose of producing a broadcast signal or is such that the failure of  
7 the machinery or equipment to operate would cause broadcasting to cease.  
8 For purposes of this subsection, machinery and equipment shall include,  
9 but not be limited to, that required by rules and regulations of the federal  
10 communications commission, and all sales of electricity which are  
11 essential or necessary for the purpose of producing a broadcast signal or is  
12 such that the failure of the electricity would cause broadcasting to cease;

13 (aaa) all sales of tangible personal property and services purchased by  
14 a religious organization that is exempt from federal income taxation  
15 pursuant to section 501(c)(3) of the federal internal revenue code, and used  
16 exclusively for religious purposes, and all sales of tangible personal  
17 property or services purchased by a contractor for the purpose of  
18 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
19 furnishing or remodeling facilities for any such organization that would be  
20 exempt from taxation under the provisions of this section if purchased  
21 directly by such organization. Nothing in this subsection shall be deemed  
22 to exempt the purchase of any construction machinery, equipment or tools  
23 used in the constructing, equipping, reconstructing, maintaining, repairing,  
24 enlarging, furnishing or remodeling facilities for any such organization.  
25 When any such organization shall contract for the purpose of constructing,  
26 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
27 remodeling facilities, 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 the building or other project or not to have been returned  
40 for credit or the sales or compensating tax otherwise imposed upon such  
41 materials that will not be so incorporated in the building or other project  
42 reported and paid by such contractor to the director of taxation not later  
43 than the 20<sup>th</sup> day of the month following the close of the month in which it

1 shall be determined that such materials will not be used for the purpose for  
2 which such certificate was issued, such organization concerned shall be  
3 liable for tax on all materials purchased for the project, and upon payment  
4 thereof it may recover the same from the contractor together with  
5 reasonable attorney fees. Any contractor or any agent, employee or  
6 subcontractor thereof, who shall use or otherwise dispose of any materials  
7 purchased under such a certificate for any purpose other than that for  
8 which such a certificate is issued without the payment of the sales or  
9 compensating tax otherwise imposed upon such materials, shall be guilty  
10 of a misdemeanor and, upon conviction therefor, shall be subject to the  
11 penalties provided for in K.S.A. 79-3615(h), and amendments thereto.  
12 Sales tax paid on and after July 1, 1998, but prior to the effective date of  
13 this act upon the gross receipts received from any sale exempted by the  
14 amendatory provisions of this subsection shall be refunded. Each claim for  
15 a sales tax refund shall be verified and submitted to the director of taxation  
16 upon forms furnished by the director and shall be accompanied by any  
17 additional documentation required by the director. The director shall  
18 review each claim and shall refund that amount of sales tax paid as  
19 determined under the provisions of this subsection. All refunds shall be  
20 paid from the sales tax refund fund upon warrants of the director of  
21 accounts and reports pursuant to vouchers approved by the director or the  
22 director's designee;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

40 (ppp) all sales of tangible personal property and services purchased  
41 by or on behalf of a homeless shelter that is exempt from federal income  
42 taxation pursuant to section 501(c)(3) of the federal income tax code of  
43 1986, and used by any such homeless shelter to provide emergency and

1 transitional housing for individuals and families experiencing  
2 homelessness, and all sales of any such property by or on behalf of any  
3 such homeless shelter for any such purpose;

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

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

6 (rrr) all sales of tangible personal property and services purchased by  
7 any county law library maintained pursuant to law and sales of tangible  
8 personal property and services purchased by an organization that would  
9 have been exempt from taxation under the provisions of this subsection if  
10 purchased directly by the county law library for the purpose of providing  
11 legal resources to attorneys, judges, students and the general public, and  
12 all sales of any such property by or on behalf of any such county law  
13 library;

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

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

18 (ttt) all sales of tangible personal property or services purchased by a  
19 contractor for a project for the purpose of restoring, constructing,  
20 equipping, reconstructing, maintaining, repairing, enlarging, furnishing or  
21 remodeling a home or facility owned by a nonprofit museum that has been  
22 granted an exemption pursuant to subsection (qq), which such home or  
23 facility is located in a city that has been designated as a qualified  
24 hometown pursuant to the provisions of K.S.A. 75-5071 et seq., and  
25 amendments thereto, and which such project is related to the purposes of  
26 K.S.A. 75-5071 et seq., and amendments thereto, and that would be  
27 exempt from taxation under the provisions of this section if purchased  
28 directly by such nonprofit museum. Nothing in this subsection shall be  
29 deemed to exempt the purchase of any construction machinery, equipment  
30 or tools used in the restoring, constructing, equipping, reconstructing,  
31 maintaining, repairing, enlarging, furnishing or remodeling a home or  
32 facility for any such nonprofit museum. When any such nonprofit museum  
33 shall contract for the purpose of restoring, constructing, equipping,  
34 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
35 a home or facility, it shall obtain from the state and furnish to the  
36 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 certificates to all suppliers  
39 from whom such purchases are made, and such suppliers shall execute  
40 invoices covering the same bearing the number of such certificate. Upon  
41 completion of the project, the contractor shall furnish to such nonprofit  
42 museum a sworn statement on a form to be provided by the director of  
43 taxation that all purchases so made were entitled to exemption under this

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

20 (uuu) all sales of tangible personal property and services purchased  
21 by Kansas children's service league, hereinafter referred to as KCSL,  
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 providing for the prevention and  
25 treatment of child abuse and maltreatment as well as meeting additional  
26 critical needs for children, juveniles and family, and all sales of any such  
27 property by or on behalf of KCSL for any such purpose; and all sales of  
28 tangible personal property or services purchased by a contractor for the  
29 purpose of constructing, maintaining, repairing, enlarging, furnishing or  
30 remodeling facilities for the operation of services for KCSL for any such  
31 purpose that would be exempt from taxation under the provisions of this  
32 section if purchased directly by KCSL. Nothing in this subsection shall be  
33 deemed to exempt the purchase of any construction machinery, equipment  
34 or tools used in the constructing, maintaining, repairing, enlarging,  
35 furnishing or remodeling such facilities for KCSL. When KCSL 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 KCSL a

1 sworn statement, on a form to be provided by the director of taxation, that  
2 all purchases so made were entitled to exemption under this subsection.  
3 All invoices shall be held by the contractor for a period of five years and  
4 shall be subject to audit by the director of taxation. If any materials  
5 purchased under such a certificate are found not to have been incorporated  
6 in the building or other project or not to have been returned for credit or  
7 the sales or compensating tax otherwise imposed upon such materials that  
8 will not be so incorporated in the building or other project reported and  
9 paid by such contractor to the director of taxation not later than the 20<sup>th</sup>  
10 day of the month following the close of the month in which it shall be  
11 determined that such materials will not be used for the purpose for which  
12 such certificate was issued, KCSL shall be liable for tax on all materials  
13 purchased for the project, and upon payment thereof it may recover the  
14 same from the contractor together with reasonable attorney fees. Any  
15 contractor or any agent, employee or subcontractor thereof, who shall use  
16 or otherwise dispose of any materials purchased under such a certificate  
17 for any purpose other than that for which such a certificate is issued  
18 without the payment of the sales or compensating tax otherwise imposed  
19 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 (vvv) all sales of tangible personal property or services, including the  
23 renting and leasing of tangible personal property or services, purchased by  
24 jazz in the woods, inc., a Kansas corporation that is exempt from federal  
25 income taxation pursuant to section 501(c)(3) of the federal internal  
26 revenue code, for the purpose of providing jazz in the woods, an event  
27 benefiting children-in-need and other nonprofit charities assisting such  
28 children, and all sales of any such property by or on behalf of such  
29 organization for such purpose;

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

36 (xxx) all sales of personal property and services purchased by the  
37 booth theatre foundation, inc., an organization, which is exempt from  
38 federal income taxation pursuant to section 501(c)(3) of the federal  
39 internal revenue code of 1986, and which such personal property and  
40 services are used by any such organization in the constructing, equipping,  
41 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
42 of the booth theatre, and all sales of tangible personal property or services  
43 purchased by a contractor for the purpose of constructing, equipping,

1 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
2 the booth theatre for such organization, that would be exempt from  
3 taxation under the provisions of this section if purchased directly by such  
4 organization. Nothing in this subsection shall be deemed to exempt the  
5 purchase of any construction machinery, equipment or tools used in the  
6 constructing, equipping, reconstructing, maintaining, repairing, enlarging,  
7 furnishing or remodeling facilities for any such organization. When any  
8 such organization shall contract for the purpose of constructing, equipping,  
9 reconstructing, maintaining, repairing, enlarging, furnishing or remodeling  
10 facilities, it shall obtain from the state and furnish to the contractor an  
11 exemption certificate for the project involved, and the contractor may  
12 purchase materials for incorporation in such project. The contractor shall  
13 furnish the number of such certificate to all suppliers from whom such  
14 purchases are made, and such suppliers shall execute invoices covering the  
15 same bearing the number of such certificate. Upon completion of the  
16 project the contractor shall furnish to such organization concerned a sworn  
17 statement, on a form to be provided by the director of taxation, that all  
18 purchases so made were entitled to exemption under this subsection. All  
19 invoices shall be held by the contractor for a period of five years and shall  
20 be subject to audit by the director of taxation. If any materials purchased  
21 under such a certificate are found not to have been incorporated in such  
22 facilities or not to have been returned for credit or the sales or  
23 compensating tax otherwise imposed upon such materials that will not be  
24 so incorporated in such facilities reported and paid by such contractor to  
25 the director of taxation not later than the 20<sup>th</sup> day of the month following  
26 the close of the month in which it shall be determined that such materials  
27 will not be used for the purpose for which such certificate was issued, such  
28 organization concerned shall be liable for tax on all materials purchased  
29 for the project, and upon payment thereof it may recover the same from  
30 the contractor together with reasonable attorney fees. Any contractor or  
31 any agent, employee or subcontractor thereof, who shall use or otherwise  
32 dispose of any materials purchased under such a certificate for any purpose  
33 other than that for which such a certificate is issued without the payment  
34 of the sales or compensating tax otherwise imposed upon such materials,  
35 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
36 subject to the penalties provided for in K.S.A. 79-3615(h), and  
37 amendments thereto. Sales tax paid on and after January 1, 2007, but prior  
38 to the effective date of this act upon the gross receipts received from any  
39 sale which would have been exempted by the provisions of this subsection  
40 had such sale occurred after the effective date of this act shall be refunded.  
41 Each claim for a sales tax refund shall be verified and submitted to the  
42 director of taxation upon forms furnished by the director and shall be  
43 accompanied by any additional documentation required by the director.

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

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

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

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

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

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

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

33 (dddd) all sales of tangible personal property or services purchased  
34 by or on behalf of goodwill industries or Easter seals of Kansas, inc., both  
35 of which are exempt from federal income taxation pursuant to section  
36 501(c)(3) of the federal internal revenue code, for the purpose of providing  
37 education, training and employment opportunities for people with  
38 disabilities and other barriers to employment;

39 (eeee) all sales of tangible personal property or services purchased by  
40 or on behalf of all American beef battalion, inc., which is exempt from  
41 federal income taxation pursuant to section 501(c)(3) of the federal  
42 internal revenue code, for the purpose of educating, promoting and  
43 participating as a contact group through the beef cattle industry in order to

1 carry out such projects that provide support and morale to members of the  
2 United States armed forces and military services;

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

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

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

8 (hhhh) all sales of tangible personal property or services purchased  
9 on or after July 1, 2014, for the purpose of and in conjunction with  
10 constructing, reconstructing, enlarging or remodeling a business identified  
11 under the North American industry classification system (NAICS)  
12 subsectors 1123, 1124, 112112, 112120 or 112210, and the sale and  
13 installation of machinery and equipment purchased for installation at any  
14 such business. The exemption provided in this subsection shall not apply  
15 to projects that have actual total costs less than \$50,000. When a person  
16 contracts for the construction, reconstruction, enlargement or remodeling  
17 of any such business, such person shall obtain from the state and furnish to  
18 the contractor an exemption certificate for the project involved, and the  
19 contractor may purchase materials, machinery and equipment for  
20 incorporation in such project. The contractor shall furnish the number of  
21 such certificates 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 the owner of the business a sworn statement, on a form to  
25 be 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. Any contractor or any agent, employee or  
29 subcontractor of the contractor, who shall use or otherwise dispose of any  
30 materials, machinery or equipment purchased under such a certificate for  
31 any purpose other than that for which such a certificate is issued without  
32 the payment of the sales or compensating tax otherwise imposed thereon,  
33 shall be guilty of a misdemeanor and, upon conviction therefor, shall be  
34 subject to the penalties provided for in K.S.A. 79-3615(h), and  
35 amendments thereto;

36 (iiii) all sales of tangible personal property or services purchased by a  
37 contractor for the purpose of constructing, maintaining, repairing,  
38 enlarging, furnishing or remodeling facilities for the operation of services  
39 for Wichita children's home for any such purpose that would be exempt  
40 from taxation under the provisions of this section if purchased directly by  
41 Wichita children's home. Nothing in this subsection shall be deemed to  
42 exempt the purchase of any construction machinery, equipment or tools  
43 used in the constructing, maintaining, repairing, enlarging, furnishing or

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

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

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

43 (llll) all sales of tangible personal property and services purchased by

1 Gove county healthcare endowment foundation, inc., which is exempt  
2 from federal income taxation pursuant to section 501(c)(3) of the federal  
3 internal revenue code of 1986, and which such property and services are  
4 used for the purpose of constructing and equipping an airport in Quinter,  
5 Kansas, and all sales of tangible personal property or services purchased  
6 by a contractor for the purpose of constructing and equipping an airport in  
7 Quinter, Kansas, for such organization, that would be exempt from  
8 taxation under the provisions of this section if purchased directly by such  
9 organization. Nothing in this subsection shall be deemed to exempt the  
10 purchase of any construction machinery, equipment or tools used in the  
11 constructing or equipping of facilities for such organization. When such  
12 organization shall contract for the purpose of constructing or equipping an  
13 airport in Quinter, Kansas, it shall obtain from the state and furnish to the  
14 contractor an exemption certificate for the project involved, and the  
15 contractor may purchase materials for incorporation in such project. The  
16 contractor shall furnish the number of such certificate to all suppliers from  
17 whom such purchases are made, and such suppliers shall execute invoices  
18 covering the same bearing the number of such certificate. Upon  
19 completion of the project, the contractor shall furnish to such organization  
20 concerned a sworn statement, on a form to be provided by the director of  
21 taxation, that all purchases so made were entitled to exemption under this  
22 subsection. All invoices shall be held by the contractor for a period of five  
23 years and shall be subject to audit by the director of taxation. If any  
24 materials purchased under such a certificate are found not to have been  
25 incorporated in such facilities or not to have been returned for credit or the  
26 sales or compensating tax otherwise imposed upon such materials that will  
27 not be so incorporated in such facilities reported and paid by such  
28 contractor to the director of taxation no later than the 20<sup>th</sup> day of the month  
29 following the close of the month in which it shall be determined that such  
30 materials will not be used for the purpose for which such certificate was  
31 issued, such organization concerned shall be liable for tax on all materials  
32 purchased for the project, and upon payment thereof it may recover the  
33 same from the contractor together with reasonable attorney fees. Any  
34 contractor or any agent, employee or subcontractor thereof, who purchased  
35 under such a certificate for any purpose other than that for which such a  
36 certificate is issued without the payment of the sales or compensating tax  
37 otherwise imposed upon such materials, shall be guilty of a misdemeanor  
38 and, upon conviction therefor, shall be subject to the penalties provided for  
39 in K.S.A. 79-3615(h), and amendments thereto. The provisions of this  
40 subsection shall expire and have no effect on and after July 1, 2019;

41 (mmmm) all sales of gold or silver coins; and palladium, platinum,  
42 gold or silver bullion. For the purposes of this subsection, "bullion" means  
43 bars, ingots or commemorative medallions of gold, silver, platinum,

1 palladium, or a combination thereof, for which the value of the metal  
2 depends on its content and not the form;

3 (nnnn) all sales of tangible personal property or services purchased  
4 by friends of hospice of Jefferson county, an organization that is exempt  
5 from federal income taxation pursuant to section 501(c)(3) of the federal  
6 internal revenue code of 1986, for the purpose of providing support to the  
7 Jefferson county hospice agency in end-of-life care of Jefferson county  
8 families, friends and neighbors, and all sales of entry or participation fees,  
9 charges or tickets by friends of hospice of Jefferson county for such  
10 organization's fundraising event for such purpose; and

11 (oooo) all sales of tangible personal property or services purchased  
12 for the purpose of and in conjunction with constructing, reconstructing,  
13 enlarging or remodeling a qualified business facility by a qualified firm~~or~~,  
14 qualified supplier *or qualified company* that meets the requirements  
15 established in K.S.A. 2022 Supp. 74-50,312 and 74-50,319, and  
16 amendments thereto, *or section 2 and section 7, and amendments thereto*,  
17 and that has been approved for a project exemption certificate by the  
18 secretary of commerce, and the sale and installation of machinery and  
19 equipment purchased by such qualified firm~~or~~, qualified supplier *or*  
20 *qualified company* for installation at any such qualified business facility.  
21 When a person shall contract for the construction, reconstruction,  
22 enlargement or remodeling of any such qualified business facility, such  
23 person shall obtain from the state and furnish to the contractor an  
24 exemption certificate for the project involved, and the contractor may  
25 purchase materials, machinery and equipment for incorporation in such  
26 project. The contractor shall furnish the number of such certificates to all  
27 suppliers from whom such purchases are made, and such suppliers shall  
28 execute invoices covering the same bearing the number of such certificate.  
29 Upon completion of the project, the contractor shall furnish to the owner  
30 of the qualified firm~~or~~, qualified supplier *or qualified company* 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. Any contractor or any agent,  
35 employee or subcontractor thereof who shall use or otherwise dispose of  
36 any materials, machinery or equipment purchased under such a certificate  
37 for any purpose other than that for which such a certificate is issued  
38 without the payment of the sales or compensating tax otherwise imposed  
39 thereon, shall be guilty of a misdemeanor and, upon conviction therefor,  
40 shall be subject to the penalties provided for in K.S.A. 79-3615(h), and  
41 amendments thereto. As used in this subsection, "qualified business  
42 facility," "qualified firm" and "qualified supplier" mean the same as  
43 defined in K.S.A. 2022 Supp. 74-50,311, and amendments thereto, *and*

1 *"qualified company" means the same as defined in section 1, and*  
2 *amendments thereto.*

3       Sec. 10. K.S.A. 2022 Supp. 79-3606 is hereby repealed.

4       Sec. 11. This act shall take effect and be in force from and after its  
5 publication in the statute book.