

SENATE BILL No. 91

By Committee on Commerce

1-24

1 AN ACT concerning economic development; enacting the Kansas film and
2 digital media production development act; establishing an income tax
3 credit, sales tax exemption and loan and grant program to be
4 administered by the secretary of commerce for the purpose of
5 developing film, video or digital production in Kansas; establishing the
6 Kansas film and digital media production development act education
7 fund and the Kansas film and digital media production development act
8 workforce training and business direct investment fund; amending
9 K.S.A. 2022 Supp. 79-3606 and repealing the existing section.

10

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

12

13 New Section 1. Sections 1 through 8, and amendments thereto, shall
14 be known and may be cited as the Kansas film and digital media
15 production development act. The purpose of the Kansas film and digital
16 media production development act is to incentivize film, video or digital
17 media productions in Kansas and facilitate the development and growth of
18 a film, video or digital media production industry and associated
19 businesses supporting the industry in this state.

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New Sec. 2. As used in this act:

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(a) "Above-the-line personnel" means any individual hired or credited
21 on screen for an eligible production for work on the production or
22 postproduction of film as a:

23

(1) Principal cast member compensated for the eligible production
24 project at a screen actors guild schedule f or above payment rate; or

25

(2) producer, screenwriter or director.

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(b) "Act" means the Kansas film and digital media production
27 development act.

28

(c) "Affiliates" means those entities that are included in the
29 production company's affiliated group as defined in section 1504(a) of the
30 internal revenue code, 26 U.S.C. § 1504(a), and all other entities that are
31 50% or more owned, directly or indirectly, by members of the affiliated
32 group.

33

(d) "Based in Kansas" or "Kansas-based" means, in reference to a
34 vendor, production company or company, that the vendor, production
35 company or company is subject to income tax liability under the Kansas
36 income tax act and has a physical presence in Kansas and, with respect to a

1 production company, has maintained a physical presence in Kansas for at
2 least six months prior to submitting an application to the secretary
3 pursuant to section 3, and amendments thereto.

4 (e) "Certified production" or "certified project" means an eligible
5 production that has agreed to one or more qualified Kansas promotions
6 and that has been approved by the secretary of commerce as eligible for
7 tax incentives pursuant to the provisions of section 3, and amendments
8 thereto.

9 (f) "Crew" means any individual who works on production or
10 postproduction for an eligible production. "Crew" does not include above-
11 the-line personnel.

12 (g) (1) "Eligible production" or "eligible project" means a production:

13 (A) (i) Of a new film, video or digital project, or a portion or portions
14 of such project, produced in this state, including a feature film,
15 documentary, series, pilot, movie for television, televised commercial
16 advertisement, music video, video game, content-based mobile application
17 or a virtual reality, augmented reality, multi-media or new media project;

18 (ii) produced in whole or in part, in short or in long form, and may
19 include animation, music and green screen, motion capture and similar
20 production techniques;

21 (iii) fixed on a delivery system including, but not limited to, film
22 format or reels, videotape, computer drive or disc, laser disc or any
23 element of the digital domain, from which the program or completed
24 project is viewed or reproduced; and

25 (iv) intended for multimarket commercial distribution via theaters,
26 video on demand, direct to DVD, streaming, digital platforms or electronic
27 delivery systems designed for the distribution or playing of interactive
28 games, licensing for exhibition by individual television stations, groups of
29 stations, networks, advertiser-supported sites, cable television stations,
30 streaming companies or public broadcasting stations; and

31 (B) that incurs or is reasonably anticipated to incur qualified
32 production or postproduction expenses of at least \$50,000, as determined
33 by the secretary.

34 (2) "Eligible production" or "eligible project" does not include:

35 (A) The coverage of news or athletic events, local advertising, local
36 interest programming, instructional videos, corporate videos, any project
37 that is not intended for multimarket commercial distribution or any portion
38 of a project not shot, recorded or created in Kansas; and

39 (B) any production of obscene material or an obscene performance as
40 defined in K.S.A. 2022 Supp. 21-6401, and amendments thereto.

41 (3) For purposes of the income tax credit as allowed under section
42 4(f), and amendments thereto, "eligible production" or "eligible project"
43 means the same as defined in paragraphs (1) and (2), except that a

1 production not intended for multimarket commercial distribution may be
2 included and the amount of eligible expenses required shall be at least
3 \$25,000.

4 (h) "Eligible television series" means a certified series television
5 production project intended for multimarket commercial distribution, with
6 an order for multiple episodes in a single season, not less than 25% of the
7 series season is filmed within Kansas and the production incurs qualifying
8 eligible expenses of more than \$50,000.

9 (i) "Eligible wages and salaries" means:

10 (1) (A) Wages or salaries paid by the production company to crew for
11 work in Kansas designated as for production or for postproduction of an
12 eligible production;

13 (B) for which the production company is required to remit
14 withholding payments to the department of revenue under the Kansas
15 withholding and declaration of estimated tax act; and

16 (C) at least 10% of the crew are residents of this state. The secretary
17 and the Kansas arts industry director may agree upon a higher percentage
18 requirement; and

19 (2) the amounts of wages, salaries or payments paid to above-the-line
20 personnel, except that the eligible amount of such wages, salaries or
21 payments shall not comprise more than 25% of qualified production
22 expenditures as defined in subsection (s).

23 (j) "Film" means a professional single media, multimedia, video or
24 audiovisual program or feature, that may be digital, that is not obscene
25 material or an obscene performance as defined in K.S.A. 2022 Supp. 21-
26 6401, and amendments thereto. "Film" includes, but is not limited to, film
27 produced for an interactive game or a documentary, special, music video,
28 television commercial or television program, or a portion thereof, that is
29 filmed or taped for cable, television, streaming network, national or
30 regional syndication or for a feature-length motion picture intended for
31 theatrical release or for network, streaming, national or regional
32 syndication or broadcast.

33 (k) "High-impact production" means a certified production for which
34 production or postproduction expenditures are at least \$50,000,000, and at
35 least $\frac{1}{3}$ of such total expenditures constitute qualified expenditures
36 approved by the secretary of commerce.

37 (l) "Kansas film media industry development expenditure" means
38 documented financial, promotional or in-kind contributions or educational
39 or workforce development efforts, at standard rates set by the secretary of
40 commerce in consultation with the Kansas creative arts industries
41 commission, in partnership with related Kansas industry labor
42 organizations or educational institutions, toward the furtherance of the
43 Kansas film or digital media industry. Promotional efforts include, but are

1 not limited to, the promotion of the Kansas industry by directors, actors or
2 producers affiliated with the production company's project through social
3 media that is managed by the state, radio or television interviews
4 facilitated by the department of commerce, enhanced screen credit
5 acknowledgments or related events that are facilitated, conducted or
6 sponsored by the secretary of commerce or the Kansas creative arts
7 industries commission.

8 (m) "Multi-film deal" means a certified project in which a production
9 company films at least 75% of main crew principal photography for three
10 or more films in this state within five years.

11 (n) "Nonresident crew member" means an individual who is not a
12 Kansas resident and is hired for work on a an eligible production project
13 within this state.

14 (o) "Production company" means a person, producer or company that
15 produces film for, including, but not limited to, exhibition in theaters,
16 television, interactive games, cable, syndication or streaming networks.
17 "Production company" includes affiliates of a production company when
18 approved by the secretary and identified in the agreement executed
19 pursuant to section 3, and amendments thereto.

20 (p) (1) "Postproduction expenditures" means expenditures made in
21 Kansas directly for postproduction activities in Kansas for an eligible
22 production by a production company and includes, but are not limited to,
23 the following categories:

24 (A) Eligible wages or salaries of above-the-line personnel or crew
25 designated as postproduction;

26 (B) sound synchronization, recording or mixing;

27 (C) color grading;

28 (D) editing and related services;

29 (E) visual effects or special effects;

30 (F) computer graphics, special effects or animation services;

31 (G) film processing or format transfers;

32 (H) music production, recording, mixing or composition;

33 (I) licensing of music produced in this state or created by a Kansas
34 resident;

35 (J) rental of facilities or equipment;

36 (K) leasing of vehicles, including leasing of airplanes, for
37 postproduction-related transportation and costs of food and lodging; and

38 (L) other direct postproduction costs of an eligible production in
39 accordance with generally accepted entertainment industry practices.

40 (2) "Postproduction expenditures" does not include:

41 (A) Goods, equipment or vehicles not purchased, rented or leased in
42 Kansas from a Kansas-based vendor and when not used in Kansas;

43 (B) any expenditures for activities, work or services not conducted in

1 Kansas and not performed by a Kansas-based vendor. A vendor that acts as
2 a conduit to enable purchases, rentals or leases to qualify as "production
3 expenditures" that would not otherwise qualify shall not be considered a
4 Kansas-based vendor with respect to such purchases, rentals or leases; or

5 (C) costs for footage shot outside this state, marketing, story rights or
6 distribution.

7 (q) (1) "Production expenditures" means expenditures made in
8 Kansas directly related to or used for production activities in this state for
9 an eligible production by a production company, including, but not limited to,
10 to, the following categories:

11 (A) Eligible wages or salaries of above-the-line personnel or crew
12 designated as production;

13 (B) set construction, maintenance, repair or modification, set
14 furnishings and operations, wardrobe, make-up, materials used to construct
15 costumes, props or scenery, accessories and related services;

16 (C) scripts, musical scores or storyboards and drafting and design
17 supplies;

18 (D) photography, sound synchronization, lighting and related
19 services;

20 (E) editing and related services;

21 (F) rental of buildings, facilities or equipment and leasing of vehicles,
22 including, but not limited to, leasing of airplanes;

23 (G) transportation costs, including, but not limited to, leasing of
24 vehicles or airplanes, directly related to production activities in Kansas;

25 (H) food and lodging;

26 (I) sound recording or mixing services;

27 (J) computer graphics, special effects and animation services;

28 (K) film processing or format transfers;

29 (L) airfare if purchased through a Kansas travel agency;

30 (M) insurance costs and bonding if purchased through a Kansas
31 insurance agency; and

32 (N) other direct costs of producing film in accordance with generally
33 accepted entertainment industry practices.

34 (2) "Production expenditures" does not include:

35 (A) Goods, equipment or vehicles not purchased, rented or leased in
36 Kansas from a Kansas-based vendor;

37 (B) any expenditures for activities, work or services not conducted in
38 Kansas and services not performed at the filming site unless the vendor is
39 a Kansas-based vendor; and

40 (C) postproduction expenditures as defined in subsection (p) when
41 used for postproduction activities.

42 (r) "Qualified postproduction expenditures" means the funds actually
43 invested and expended by a production company that are postproduction

1 expenditures made in this state and that are directly used in a certified
2 production, including, but not limited to, any Kansas film media industry
3 development expenditures, and approved by the secretary of commerce.
4 "Qualified postproduction expenditures" shall not exceed the usual and
5 customary cost of the goods or services acquired. The secretary of
6 commerce or the secretary of revenue may determine the value of the
7 goods or services for purposes of this section when the buyer and seller are
8 affiliates, or the sale or purchase is not an arm's length transaction.
9 "Qualified postproduction expenditures" does not include postproduction
10 expenditures for which another taxpayer claims the production tax credit
11 pursuant to section 4, and amendments thereto.

12 (s) "Qualified production expenditures" means the funds actually
13 invested and expended by a production company that are production
14 expenditures made in this state and directly used in a certified production,
15 including any Kansas film media industry development expenditures, and
16 approved by the secretary of commerce. "Qualified production
17 expenditures" shall not exceed the usual and customary cost of the goods
18 or services acquired. The secretary of commerce or the secretary of
19 revenue may determine the value of the goods or services for purposes of
20 this act when the buyer and seller are affiliates, or the sale or purchase is
21 not an arm's length transaction. "Qualified production expenditures" does
22 not include production expenditures for which another taxpayer claims the
23 production tax credit pursuant to section 4, and amendments thereto.
24 "Qualified production expenditures" does not include wages, salaries or
25 payment paid to above-the-line personnel that constitute more than 25% of
26 total production expenditures.

27 (t) "Qualified Kansas promotion" means a promotion of this state,
28 approved by the secretary as to content, distribution, duration and
29 placement within a production, video or interactive game or in associated
30 online or other promotions, that consists of a static or animated logo that
31 promotes Kansas, an embedded Kansas promotion or a Kansas
32 advertisement and that may include a link to a Kansas website.

33 (u) "Secretary" means the secretary of commerce.

34 (v) "Vendor" means a business that sells or leases goods or services
35 that are related to standard production industry inventory or services.
36 "Vendor" does not include a personal services business.

37 New Sec. 3. (a) There is hereby created the Kansas film and digital
38 media industry development program. The purpose of the Kansas film and
39 digital media industry development program is to:

40 (1) Provide tax incentives, including, but not limited to, an income
41 tax credit and a sales tax exemption, for eligible projects produced in
42 Kansas by production companies that meet the requirements of this act and
43 are approved as certified projects by the secretary of commerce; and

1 (2) provide tax incentives, support programs or services, including,
2 but not limited to, professional development, infrastructure investments
3 and marketing efforts to develop film and digital media industry-related
4 Kansas businesses.

5 (b) The program shall be administered by the secretary with the
6 assistance of the Kansas creative arts industries commission. The secretary
7 shall consult with the Kansas creative arts industries commission in
8 administering this act to ensure the best possible use of Kansas resources
9 for promoting and developing film and digital media production and
10 related industry in Kansas. In determining whether to approve a project as
11 a certified project, the secretary shall consider the immediate impact and
12 potential future impact of the project on the development and growth of
13 the Kansas film, video and digital media production industry. The
14 secretary may limit, by category, specified eligible expenditures or total
15 amounts of eligible production or postproduction expenditures that may be
16 approved by the secretary as qualified production or postproduction
17 expenditures. The aggregate total amount of income tax credits under this
18 act shall not exceed \$10,000,000 in a tax year. The secretary shall
19 designate 10% of such total aggregate amount in each tax year for tax
20 credits for Kansas-based production companies to fulfill the purpose of
21 this act as described in subsection (a)(2).

22 (c) To be eligible for an income tax credit or a sales tax exemption
23 under this act, a production company shall, prior to the commencement of
24 the project or of principal photography, submit the following to the
25 secretary of commerce in the form and manner and with such
26 documentation and other information as required by the secretary:

27 (1) An application for approval of the production as an eligible
28 production and for designation as a certified production;

29 (2) evidence of adequate financing for the project;

30 (3) evidence of a certificate of general liability insurance with a
31 minimum coverage of \$1,000,000, or a greater amount if required by the
32 secretary, and workers compensation coverage in compliance with Kansas
33 law that shall include coverage of employer liability;

34 (4) a description of the project, timelines and anticipated completion
35 dates, anticipated eligible expenditures and project activities to be
36 conducted in Kansas, anticipated employment of crew or above-the-line
37 personnel who are Kansas residents or use of Kansas-based vendors and
38 any anticipated construction or contribution of production infrastructure or
39 participation in Kansas film and digital media industry development
40 activities; and

41 (5) an economic impact statement showing the economic impact from
42 the activities of the project. Such economic impact statement shall indicate
43 the impact on the region of the state in which the project production or

1 production-related activities are conducted and any impact on the state as a
2 whole. The secretary may consider the size of the project when
3 determining the scope and information required.

4 (d) (1) If the secretary determines that the project is an eligible
5 project and approves the application, the production company shall enter
6 into an agreement with the secretary prior to the commencement of the
7 project on such terms and conditions as the secretary may require. Such
8 terms and conditions shall include, but not be limited to, qualified Kansas
9 promotions to be provided and any limitations the secretary may impose
10 on the amounts of eligible production or postproduction expenditures that
11 may be approved by the secretary as qualified expenditures, whether in
12 total or for specified eligible expenditures or specified eligible expenditure
13 categories.

14 (2) The production company shall agree to the provision of
15 documentation and information to the secretary or the secretary of revenue
16 on a regular basis as requested by the secretary or secretary of revenue to
17 determine qualified expenditures and compliance with the requirements of
18 this act and rules and regulations adopted by the secretary or the secretary
19 of revenue pursuant to this act. The production company shall agree to the
20 provision of information to the secretary on a regular basis as requested by
21 the secretary regarding the progress of the project and estimated
22 completion date.

23 (3) The terms and conditions shall include provisions for repayment
24 of income tax credits or sales tax exempted if requirements of this act or
25 rules and regulations are not met, provisions requiring cooperation with
26 any audit conducted pursuant to this act and provisions for submission of
27 information as required for publication on the Kansas economic incentive
28 database and for the secretary's reports to the legislature as provided by
29 section 5, and amendments thereto.

30 (4) The terms and conditions may also include agreements by the
31 production company for the facilitation of, coordination with or provision
32 of support services for Kansas businesses and organizations to enable
33 participation in the project or the development of the Kansas film and
34 digital media industry.

35 (5) If the secretary approves the agreement with the production
36 company, the secretary shall authorize the eligible project as a certified
37 project.

38 (e) Upon approval by the secretary as an eligible and certified project
39 and the execution of the agreement as provided in subsection (d), the
40 secretary may approve an application by the production company for a
41 sales tax exemption for production or postproduction expenditures
42 pursuant to the provisions of K.S.A. 79-3606(pppp), and amendments
43 thereto, and shall notify the applicant and the secretary of revenue of such

1 approval. In considering approval of such sales tax exemption, the
2 secretary shall prioritize expenditures in rural areas or in economically
3 depressed urban areas to the extent feasible. The secretary may require that
4 all or a portion of expenditures eligible for exemption from sales tax be
5 made with businesses located in such areas, as determined by the secretary.
6 A production company receiving a sales tax exemption shall provide the
7 secretary or the secretary of revenue with such documentation as requested
8 by the secretary or the secretary of revenue to demonstrate that
9 expenditures have been made as required.

10 (f) Prior to receipt by a production company of any income tax credit
11 authorized by section 4, and amendments thereto, the secretary shall
12 examine and determine, in the sole discretion of the secretary, the amount
13 of eligible production or eligible postproduction expenditures that are
14 qualified production expenditures or qualified postproduction expenditures
15 of the production company and that such expenditures are for a certified
16 production. No expenditure that was exempt from sales taxation pursuant
17 to K.S.A. 79-3606(pppp), and amendments thereto, shall also be a basis
18 for the income tax credit pursuant to section 4, and amendments thereto,
19 unless specifically approved by the secretary. The production company
20 shall provide such information and documentation as requested by the
21 secretary to make such determination. In addition, the production company
22 shall provide evidence as required by the secretary that:

23 (1) The production company has filed all Kansas tax returns and tax
24 documents required by law and withholding taxes have been submitted as
25 required by law;

26 (2) all crew who are Kansas residents and Kansas-based vendors have
27 been paid and that there are no pending liens in this state against the
28 production company; and

29 (3) the certified project for which a sales tax exemption has been
30 granted or an income tax credit is requested has been completed, or in the
31 discretion of the secretary, a phase of the certified project has been
32 completed and adequate assurance, as determined by the secretary, has
33 been provided that the project will be fully completed.

34 (g) As a condition of receiving any income tax credits pursuant to this
35 act, the production company shall provide the secretary with a report by a
36 certified public accountant licensed to practice in Kansas, prepared at the
37 expense of the applicant, verifying that the expenditures have been made
38 in compliance with the requirements of this act. The report shall be
39 provided with a claim for income tax credits as required by section 4, and
40 amendments thereto, or as required by the secretary.

41 (h) The secretary shall notify the production company and the
42 secretary of revenue of determinations of qualified expenditures made by
43 the secretary.

1 (i) The secretary of commerce and the secretary of revenue may
2 adopt rules and regulations to implement the provisions of this act.

3 New Sec. 4. (a) For tax years 2023 through 2032, for any production
4 company or its affiliates that make qualified production or qualified
5 postproduction expenditures for a certified production approved by the
6 secretary of commerce as provided by section 3, and amendments thereto,
7 there shall be allowed an income tax credit against the tax imposed under
8 the Kansas income tax act in the amount as determined pursuant to
9 subsection (d) as limited by subsection (h). The tax credit shall be applied
10 against the production company's income tax liability for the taxable year
11 in which the qualified expenditures are made by the production company.
12 If the amount of the tax credit allowed exceeds the production company's
13 income tax liability for the taxable year, an amount equal to the remainder
14 of the unused tax credits shall be refunded to the production company. If
15 the production company is a corporation having an election in effect under
16 subchapter S of the federal internal revenue code, a partnership or a
17 limited liability company, the credit provided by this section shall be
18 claimed by the shareholders of such corporation, the partners of such
19 partnership or members of such limited liability company in the same
20 manner as such shareholders, partners or members account for their
21 proportionate shares of the income or loss of the corporation, partnership
22 or limited liability company and in accordance with the agreement
23 executed pursuant to section 3, and amendments thereto. The tax credit
24 may be transferred as provided by subsection (k). The aggregate total
25 amount of credits allowed under this section shall not exceed \$10,000,000
26 in a tax year. Ten percent of such aggregate total in each tax year shall be
27 designated for tax credits to Kansas-based production companies.

28 (b) A claim for a tax credit shall be filed with the secretary of revenue
29 as part of a return filed by the production company pursuant to the Kansas
30 income tax act. The order that agreements are executed with the secretary
31 of commerce pursuant to section 3, and amendments thereto, shall
32 determine the order that credit claims are allocated by the secretary of
33 revenue. A claim shall be submitted with a return or amended return within
34 one calendar year of the date of the last eligible production expenditure or
35 the last eligible postproduction expenditure for the certified production
36 that would be eligible for an income tax credit as provided by subsection
37 (a). All qualified production expenditures or postproduction expenditures
38 incurred during the taxable year by a production company for a certified
39 production shall be submitted for credit as part of the same income tax
40 return. A tax credit claim for qualified expenditures during a taxable year
41 shall not be divided and submitted with multiple returns or in multiple
42 years.

43 (c) The claim shall include a copy of the project certification and the

1 determination of qualified production or postproduction expenditures by
2 the secretary of commerce. The claim shall also include a report by a
3 certified public accountant licensed to practice in Kansas, prepared at the
4 expense of the applicant, verifying that the expenditures have been made
5 in compliance with the requirements of this act.

6 (d) The amount of the tax credit shall be equal to 30% of:

7 (1) The qualified production expenditures for the certified project; or

8 (2) the qualified postproduction expenses for a certified project with
9 no qualified production expenses.

10 (e) The secretary of commerce may approve additional credits as
11 follows:

12 (1) In addition to the amount authorized by subsection (d)(1):

13 (A) Up to 5% of the qualified production expenditures for a certified
14 multi-film deal, a certified eligible television series, a certified high-impact
15 production or contributions to film-related infrastructure or workforce
16 development in Kansas, including, but not limited to, contributions to
17 permanent sets, sound stages, film editing facilities, computer graphics,
18 special effects or animation facilities, educational facilities or programs,
19 internships or apprenticeships or equipment for production activities, in
20 the amount such contributions are approved by the secretary of commerce;
21 or

22 (B) up to 5% for qualified production expenditures for a production if
23 50% or more of the crew or above-the-line personnel are Kansas residents;
24 or

25 (2) in addition to the amount authorized under subsection (d)(1) or
26 (2), up to an additional 5%, as determined by the secretary, of the amount
27 of the qualified production expenditures or qualified postproduction
28 expenditures, as applicable, of a certified project of a production company
29 that has previously received an income tax credit under this act with
30 respect to such certified project.

31 (f) In addition to or in lieu of the credits authorized by subsection (d),
32 as determined by the secretary, a Kansas-based production company that
33 incurs at least \$25,000 in qualified expenditures, including, but not limited to,
34 expenditures for a certified production not intended for multimarket
35 distribution but that otherwise constitute qualified expenditures and meets
36 all other qualifications for a tax credit under this act shall receive a
37 nonrefundable tax credit in the amount of 25% of such qualified
38 production expenditures.

39 (g) Notwithstanding any other provision of this act, the tax credit
40 amount based on a production or postproduction expenditure for a single
41 individual who meets the definition of individuals who are above-the-line,
42 nonresident personnel shall be limited to not more than \$500,000 in each
43 taxable year.

1 (h) The maximum cumulative amount of all income tax credits
2 awarded to a production company for a certified project for a taxable year
3 shall not exceed 40% of the total qualified production expenditures or
4 qualified postproduction expenditures made by the production company
5 for that certified project during that taxable year.

6 (i) For purposes of determining the payment of credit claims pursuant
7 to this section, the secretary of revenue may require that credit claims of
8 affiliates be combined into one claim if necessary to accurately reflect
9 closely integrated activities of affiliates.

10 (j) If a production company hires another production company to
11 produce a project or contribute elements of a project for pay, the hired
12 company shall be considered a service provider for the hiring company,
13 and the hiring company shall be entitled to the income tax credit
14 authorized by this section.

15 (k) The tax credit allowed pursuant to this section may be transferred,
16 in whole or in part, by the production company or, as provided by
17 subsection (a), a shareholder, partner or member, to one or more
18 transferees. The transferor shall provide notification and documentation of
19 the transfer or transfers with its claim for a tax credit pursuant to
20 subsection (b) filed with the secretary of revenue in such form and manner
21 as may be required by the secretary of revenue, including all information
22 requested by the secretary of revenue regarding the transferee. The
23 transferor shall make the transfer within the calendar year in which the
24 transferor's claim is made to the secretary of revenue. The credit shall only
25 be transferred once. The transferor may transfer the credit to any
26 individual or entity subject to income tax under the Kansas income tax act.
27 The transferred credit shall be claimed by the transferee against the
28 transferee's Kansas income tax liability in the year the credit was
29 transferred. The amount of the transferred credit that exceeds the
30 transferee's tax liability for such year shall be refunded to the transferee.
31 The transferor or transferee shall provide such documentation of the
32 transfer to the secretary of revenue as may be required by the secretary and
33 at such time as may be required by the secretary.

34 New Sec. 5. On or before January 31, 2024, and each January 31
35 through January 31, 2033, the secretary of commerce shall submit an
36 annual report to the house of representatives standing committees on
37 commerce, labor and economic development and taxation and the senate
38 standing committees on commerce and assessment and taxation. The
39 report shall include the amounts and recipients of tax incentives approved
40 by the secretary pursuant to this act for the prior year and to the date of the
41 report, anticipated tax incentive amounts for the current year, the
42 production companies that have applied for and that have been certified for
43 projects, a description of ongoing and completed projects and the impact

1 of such projects and the program on the film, video or digital production
2 industry in Kansas. The secretary of revenue shall provide the secretary of
3 commerce with information as necessary for the report in accordance with
4 the terms of the agreements required by section 3, and amendments
5 thereto.

6 New Sec. 6. No sales tax exemption or income tax credit pursuant to
7 this act shall apply or be awarded for expenditures made on or after
8 January 1, 2033.

9 New Sec. 7. (a) The secretary of commerce is hereby authorized and
10 empowered to award grants for educational purposes or programs to
11 develop and support the Kansas film and digital media industry. The
12 purpose of such grants is to develop, expand and improve Kansas
13 educational programs directly relevant to development and support of the
14 film and digital media industry in this state. The secretary is authorized to
15 award such grants to not-for-profit postsecondary educational institutions
16 with a main campus or principal operations in Kansas, including public or
17 private four-year universities or colleges, community colleges or technical
18 colleges established under the laws of this state or the Washburn institute
19 of technology. In awarding such grants, the secretary shall select such
20 institutions that are engaged in or that seek to engage in educational
21 programs or activities related to film, media, digital technology, gaming or
22 other evolving areas of the film and digital media industry in Kansas. The
23 secretary shall not award grants pursuant to this section on or after January
24 1, 2033.

25 (b) (1) There is hereby established in the state treasury the Kansas
26 film and digital media production development act education fund to be
27 administered by the secretary of commerce. All moneys credited to such
28 fund shall be used to provide grants for the expansion of film and digital
29 media production-related education in the state of Kansas and the
30 administration of such fund. All expenditures from such fund shall be
31 made in accordance with the provisions of appropriation acts and upon
32 warrants of the director of accounts and reports issued pursuant to
33 vouchers approved by the secretary of commerce or the secretary's
34 designee.

35 (2) The secretary shall remit any moneys received pursuant to any
36 penalties or any repayment obligations imposed by the secretary pursuant
37 to this section to the state treasurer in accordance with the provisions of
38 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
39 remittance, the state treasurer shall deposit the entire amount in the state
40 treasury to the credit of the Kansas film and digital media production
41 development act education fund.

42 (c) (1) Grants made by the secretary of commerce from the Kansas
43 film and digital media production development act education fund shall be

1 used for educational purposes, including, but not limited to:

- 2 (A) Internships and apprenticeship programs;
- 3 (B) scholarships and loan forgiveness programs;
- 4 (C) curriculum development and staffing; or
- 5 (D) resources such as lab facilities or equipment.

6 (2) Such grants shall be awarded upon such terms and conditions as
7 the secretary of commerce may deem appropriate. Such terms and
8 conditions shall:

9 (A) Require that scholarship or loan forgiveness programs that
10 receive grant funding require student scholarship or loan forgiveness
11 recipients to agree to reside in Kansas and work primarily in Kansas or
12 with a Kansas-based company, when possible, for at least two years
13 following completion of an educational program;

14 (B) include specified objectives and milestones as agreed by the
15 Kansas educational institution grant recipient and the secretary, including,
16 but not limited to, graduate job placement goals; and

17 (C) require the Kansas educational institution to provide information
18 as requested by the secretary for purposes of administering the grant
19 program, monitoring the use of funds and the achievement of milestones
20 and objectives and preparation of the report required by subsection (e).

21 (d) (1) Subject to appropriation acts, on July 1, 2023, and each July 1
22 thereafter through July 1, 2032, the director of accounts and reports shall
23 transfer \$1,000,000 from the state general fund to the Kansas film and
24 digital media production development act education fund. Any
25 unexpended balance in such fund at the close of a fiscal year shall remain
26 credited to the fund for use in the succeeding fiscal year.

27 (2) On January 1, 2033, the director of accounts and reports shall
28 transfer all unencumbered moneys in the Kansas film and digital media
29 production development act education fund to the state general fund. After
30 such transfer and the disbursement of any encumbered funds pursuant to
31 grant awards made prior to January 1, 2033, the Kansas film and digital
32 media production development act education fund shall be abolished.
33 Upon abolishment of such fund, all liabilities of the Kansas film and
34 digital media production development act education fund shall be
35 transferred to and imposed on the state general fund.

36 (e) On or before January 31, 2024, and each January 31 through
37 January 31, 2033, the secretary of commerce shall submit an annual report
38 to the house of representatives standing committee on commerce, labor
39 and economic development and the senate standing committee on
40 commerce on the administration of the Kansas film and digital media
41 production development act education fund and all grants awarded from
42 the fund. Such report shall contain specific and aggregate information
43 regarding all expenditures from the fund, the Kansas educational

1 institutions receiving grants, the amount of funds expended for each grant,
2 the reason and purpose for which each grant was approved, including how
3 it was intended to further the purposes of the fund, the actual use of such
4 grant funds by the Kansas educational institution and the accomplishment
5 or progress made by the educational institution toward agreed milestones
6 and objectives.

7 New Sec. 8. (a) The secretary of commerce is hereby authorized and
8 empowered to award grants or loans from the Kansas film and digital
9 media production development act workforce training and business direct
10 investment fund in connection with projects certified by the secretary
11 pursuant to section 3, and amendments thereto. The secretary shall award
12 such grants or loans for the purpose of facilitating and supporting certified
13 projects and developing the Kansas film and digital media industry by
14 funding workforce training and by investing directly in Kansas companies
15 engaged in or seeking to engage in certified projects. The secretary shall
16 not award grants or loans pursuant to this section on or after January 1,
17 2033.

18 (b) (1) There is hereby established in the state treasury the Kansas
19 film and digital media production development act workforce training and
20 business direct investment fund to be administered by the secretary of
21 commerce. All moneys credited to such fund shall be used to provide
22 grants or loans as provided by this section for the support of workforce
23 training and direct investment in Kansas companies in relation to certified
24 film or digital media production projects, the development of the Kansas
25 film and digital media industry and the administration of such fund. All
26 expenditures from such fund shall be made in accordance with the
27 provisions of appropriation acts and upon warrants of the director of
28 accounts and reports issued pursuant to vouchers approved by the
29 secretary of commerce or the secretary's designee.

30 (2) The secretary of commerce shall remit any moneys received
31 pursuant to loan repayments, interest, any penalties or any other repayment
32 obligations imposed by the secretary pursuant to this section to the state
33 treasurer in accordance with the provisions of K.S.A. 75-4215, and
34 amendments thereto. Upon receipt of each such remittance, the state
35 treasurer shall deposit the entire amount in the state treasury to the credit
36 of the Kansas film and digital media production development act
37 workforce training and business direct investment fund.

38 (c) (1) Grants made by the secretary of commerce from the Kansas
39 film and digital media production development act workforce training and
40 business direct investment fund shall be used for workforce development
41 purposes, including, but not limited to:

- 42 (A) Apprenticeship programs for Kansas residents;
- 43 (B) crew training for Kansas residents, including:

1 (i) Training provided by not-for-profit postsecondary educational
2 institutions with a main campus or principal operations in Kansas selected
3 by the secretary, including four-year public or private educational
4 institutions, public community colleges or public technical schools
5 established under the laws of this state or the Washburn institute of
6 technology; or

7 (ii) employee training provided by any production company or a
8 Kansas company involved in the film and digital media industry and
9 engaged in a certified project; or

10 (C) development of training models, in coordination and cooperation
11 with the film and digital media production industry, for use by Kansas
12 educational institutions.

13 (2) Such grants shall be upon such terms and conditions as the
14 secretary of commerce may deem appropriate. Such terms and conditions
15 shall include an agreement by the grant recipient to provide information as
16 requested by the secretary for purposes of administering the grant
17 program, monitoring the use of funds and preparation of the report
18 required by subsection (f).

19 (d) (1) Direct investments made by the secretary of commerce from
20 the Kansas film and digital media production development act workforce
21 training and business direct investment fund shall be used for investing in
22 Kansas film and digital media production industry companies that will or
23 seek to be engaged in certified projects, including Kansas-based
24 production companies or Kansas businesses that are offering personnel,
25 services, facilities, leases or rentals or that are offering, engaged in or
26 seeking to engage in other production or postproduction-related business
27 activities. Investments may be made in Kansas start-ups, Kansas
28 businesses seeking to expand into the film and digital media production
29 industry or established Kansas businesses in such industry.

30 (2) Direct investments shall be comprised of a loan component in the
31 amount of 80% and a grant component in the amount of 20% of the total
32 award of funds to the recipient. The investment shall be made upon such
33 terms and conditions as the secretary of commerce may deem appropriate.
34 Such terms and conditions shall:

35 (A) Include specified objectives and milestones as required by the
36 secretary and provisions for repayment of the grant or loan if conditions
37 specified by the secretary are not met; and

38 (B) require the recipient to provide information as requested by the
39 secretary for purposes of administering the direct investment program,
40 monitoring the use of funds and achievement of milestones and objectives
41 and preparation of the report required by subsection (f).

42 (e) (1) Subject to appropriation acts, on July 1, 2024, and each July 1
43 thereafter through July 1, 2032, the director of accounts and reports shall

1 transfer \$1,000,000 from the state general fund to the Kansas film and
2 digital media production development act workforce training and business
3 direct investment fund. Any unexpended balance in such fund at the close
4 of a fiscal year shall remain credited to the fund for use in the succeeding
5 fiscal year.

6 (2) On January 1, 2033, the director of accounts and reports shall
7 transfer all unencumbered moneys in the Kansas film and digital media
8 production development act workforce training and business direct
9 investment fund to the state general fund. After such transfer and the
10 disbursement of any encumbered funds pursuant to awards made prior to
11 January 1, 2033, the Kansas film and digital media production
12 development act workforce training and business direct investment fund
13 shall be abolished. Upon abolishment of such fund, all liabilities of the
14 Kansas film and digital media production development act workforce
15 training and business direct investment fund shall be transferred to and
16 imposed on the state general fund.

17 (f) On or before January 31, 2024, and each January 31 thereafter
18 through January 31, 2033, the secretary of commerce shall submit an
19 annual report to the house of representatives standing committee on
20 commerce, labor and economic development and the senate standing
21 committee on commerce on the administration of the Kansas film and
22 digital media production development act workforce training and business
23 direct investment fund and all grants or loans awarded from the fund. Such
24 report shall contain specific and aggregate information regarding all
25 expenditures from the fund, the businesses or Kansas postsecondary
26 educational institutions receiving funds, the amount of funds expended for
27 each grant or loan, the reason and purpose for which each grant or loan
28 was approved, including how it was intended to further the purposes of the
29 Kansas film and digital media production development act project
30 workforce training and business direct investment fund, the actual use of
31 the grant or loan funds by the recipient and the accomplishment of or
32 progress made toward agreed milestones and objectives.

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

36 (a) All sales of motor-vehicle fuel or other articles upon which a sales
37 or excise tax has been paid, not subject to refund, under the laws of this
38 state except cigarettes and electronic cigarettes as defined by K.S.A. 79-
39 3301, and amendments thereto, including consumable material for such
40 electronic cigarettes, cereal malt beverages and malt products as defined
41 by K.S.A. 79-3817, and amendments thereto, including wort, liquid malt,
42 malt syrup and malt extract, that is not subject to taxation under the
43 provisions of K.S.A. 79-41a02, and amendments thereto, motor vehicles

1 taxed pursuant to K.S.A. 79-5117, and amendments thereto, tires taxed
2 pursuant to K.S.A. 65-3424d, and amendments thereto, drycleaning and
3 laundry services taxed pursuant to K.S.A. 65-34,150, and amendments
4 thereto, and gross receipts from regulated sports contests taxed pursuant to
5 the Kansas professional regulated sports act, and amendments thereto;

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

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

36 (d) 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 for
39 any public or private nonprofit hospital or public hospital authority, public
40 or private elementary or secondary school, a public or private nonprofit
41 educational institution, state correctional institution including a privately
42 constructed correctional institution contracted for state use and ownership,
43 that would be exempt from taxation under the provisions of this act if

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

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

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

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

10 (f) tangible personal property purchased by a railroad or public utility
11 for consumption or movement directly and immediately in interstate
12 commerce;

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

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

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

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

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

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

41 (m) all sales of tangible personal property that become an ingredient
42 or component part of tangible personal property or services produced,
43 manufactured or compounded for ultimate sale at retail within or without

1 the state of Kansas; and any such producer, manufacturer or compounder
2 may obtain from the director of taxation and furnish to the supplier an
3 exemption certificate number for tangible personal property for use as an
4 ingredient or component part of the property or services produced,
5 manufactured or compounded;

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

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

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

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

40 (r) all sales of oxygen delivery equipment, kidney dialysis equipment,
41 enteral feeding systems, prosthetic devices and mobility enhancing
42 equipment prescribed in writing by a person licensed to practice the
43 healing arts, dentistry or optometry, and in addition to such sales, all sales

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

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

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

1 systems, modems, data communications equipment and any necessary
2 mounting hardware, wiring and antennas. Each purchaser of farm
3 machinery and equipment or aquaculture machinery and equipment
4 exempted herein must certify in writing on the copy of the invoice or sales
5 ticket to be retained by the seller that the farm machinery and equipment
6 or aquaculture machinery and equipment purchased will be used only in
7 farming, ranching or aquaculture production. Farming or ranching shall
8 include the operation of a feedlot and farm and ranch work for hire and the
9 operation of a nursery;

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

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

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

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

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

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

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

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

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

1 payment of the sales or compensating tax otherwise imposed thereon, shall
2 be guilty of a misdemeanor and, upon conviction therefor, shall be subject
3 to the penalties provided for in K.S.A. 79-3615(h), and amendments
4 thereto. As used in this subsection, "business" and "retail business" mean
5 the same as defined in K.S.A. 74-50,114, and amendments thereto. Project
6 exemption certificates that have been previously issued under this
7 subsection by the department of revenue pursuant to K.S.A. 74-50,115,
8 and amendments thereto, but not including K.S.A. 74-50,115(e), and
9 amendments thereto, prior to January 1, 2012, and have not expired will be
10 effective for the term of the project or two years from the effective date of
11 the certificate, whichever occurs earlier. Project exemption certificates that
12 are submitted to the department of revenue prior to January 1, 2012, and
13 are found to qualify will be issued a project exemption certificate that will
14 be effective for a two-year period or for the term of the project, whichever
15 occurs earlier;

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

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

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

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

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

41 (ii) all sales of tangible personal property purchased directly by a
42 nonprofit organization for nonsectarian comprehensive multidiscipline
43 youth development programs and activities provided or sponsored by such

1 organization, and all sales of tangible personal property by or on behalf of
2 any such organization. This exemption shall not apply to tangible personal
3 property customarily used for human habitation purposes;

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

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

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

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

26 (2) For purposes of this subsection:

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

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

40 (C) "manufacturing or processing plant or facility" means a single,
41 fixed location owned or controlled by a manufacturing or processing
42 business that consists of one or more structures or buildings in a
43 contiguous area where integrated production operations are conducted to

1 manufacture or process tangible personal property to be ultimately sold at
2 retail. Such term shall not include any facility primarily operated for the
3 purpose of conveying or assisting in the conveyance of natural gas,
4 electricity, oil or water. A business may operate one or more manufacturing
5 or processing plants or facilities at different locations to manufacture or
6 process a single product of tangible personal property to be ultimately sold
7 at retail;

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

41 (E) "repair and replacement parts and accessories" means all parts
42 and accessories for exempt machinery and equipment, including, but not
43 limited to, dies, jigs, molds, patterns and safety devices that are attached to

1 exempt machinery or that are otherwise used in production, and parts and
2 accessories that require periodic replacement such as belts, drill bits,
3 grinding wheels, grinding balls, cutting bars, saws, refractory brick and
4 other refractory items for exempt kiln equipment used in production
5 operations;

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

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

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

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

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

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

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

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

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

30 (H) package the property being manufactured or processed in a
31 container or wrapping in which such property is normally sold or
32 transported;

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

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

41 (K) provide and control an environment required to maintain certain
42 levels of air quality, humidity or temperature in special and limited areas
43 of the plant or facility, where such regulation of temperature or humidity is

1 part of and essential to the production process;

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

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

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

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

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

38 (B) machinery, equipment and tools used primarily in maintaining
39 and repairing any type of machinery and equipment or the building and
40 plant;

41 (C) transportation, transmission and distribution equipment not
42 primarily used in a production, warehousing or material handling
43 operation at the plant or facility, including the means of conveyance of

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (9) the heartstrings community foundation for the purpose of
25 providing training, employment and activities for adults with
26 developmental disabilities;

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

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

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

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

41 (14) the dreams work, inc., for the purpose of providing young adult
42 day services to individuals with developmental disabilities and assisting
43 families in avoiding institutional or nursing home care for a

1 developmentally disabled member of their family;

2 (15) the KSDS, Inc., for the purpose of promoting the independence
3 and inclusion of people with disabilities as fully participating and
4 contributing members of their communities and society through the
5 training and providing of guide and service dogs to people with
6 disabilities, and providing disability education and awareness to the
7 general public;

8 (16) the Lyme Association of Greater Kansas City, Inc., for the purpose
9 of providing support to persons with Lyme disease and public education
10 relating to the prevention, treatment and cure of Lyme disease;

11 (17) the Dream Factory, Inc., for the purpose of granting the dreams of
12 children with critical and chronic illnesses;

13 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
14 students and families with education and resources necessary to enable
15 each child to develop fine character and musical ability to the fullest
16 potential;

17 (19) the International Association of Lions Clubs for the purpose of
18 creating and fostering a spirit of understanding among all people for
19 humanitarian needs by providing voluntary services through community
20 involvement and international cooperation;

21 (20) the Johnson County Young Matrons, Inc., for the purpose of
22 promoting a positive future for members of the community through
23 volunteerism, financial support and education through the efforts of an all
24 volunteer organization;

25 (21) the American Cancer Society, Inc., for the purpose of eliminating
26 cancer as a major health problem by preventing cancer, saving lives and
27 diminishing suffering from cancer, through research, education, advocacy
28 and service;

29 (22) the Community Services of Shawnee, Inc., for the purpose of
30 providing food and clothing to those in need;

31 (23) the Angel Babies Association, for the purpose of providing
32 assistance, support and items of necessity to teenage mothers and their
33 babies; and

34 (24) the Kansas Fairgrounds Foundation for the purpose of the
35 preservation, renovation and beautification of the Kansas State Fairgrounds;

36 (ww) all sales of tangible personal property purchased by the Habitat
37 for Humanity for the exclusive use of being incorporated within a housing
38 project constructed by such organization;

39 (xx) all sales of tangible personal property and services purchased by
40 a nonprofit zoo that is exempt from federal income taxation pursuant to
41 section 501(c)(3) of the Federal Internal Revenue Code of 1986, or on behalf
42 of such zoo by an entity itself exempt from federal income taxation
43 pursuant to section 501(c)(3) of the Federal Internal Revenue Code of 1986

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

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

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

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

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

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

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

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

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

41 (eee) on and after January 1, 1999, and before January 1, 2001, all
42 sales of materials and services purchased for the original construction,
43 reconstruction, repair or replacement of grain storage facilities, including

1 railroad sidings providing access thereto;

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

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

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

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

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

41 (jjj) all sales of dietary supplements dispensed pursuant to a
42 prescription order by a licensed practitioner or a mid-level practitioner as
43 defined by K.S.A. 65-1626, and amendments thereto. As used in this

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

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

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

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

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

37 (ppp) all sales of tangible personal property and services purchased
38 by or on behalf of a homeless shelter that is exempt from federal income
39 taxation pursuant to section 501(c)(3) of the federal income tax code of
40 1986, and used by any such homeless shelter to provide emergency and
41 transitional housing for individuals and families experiencing
42 homelessness, and all sales of any such property by or on behalf of any
43 such homeless shelter for any such purpose;

1 (qqq) all sales of tangible personal property and services purchased
2 by TLC for children and families, inc., hereinafter referred to as TLC,
3 which is exempt from federal income taxation pursuant to section 501(c)
4 (3) of the federal internal revenue code of 1986, and such property and
5 services are used for the purpose of providing emergency shelter and
6 treatment for abused and neglected children as well as meeting additional
7 critical needs for children, juveniles and family, and all sales of any such
8 property by or on behalf of TLC for any such purpose; and all sales of
9 tangible personal property or services purchased by a contractor for the
10 purpose of constructing, maintaining, repairing, enlarging, furnishing or
11 remodeling facilities for the operation of services for TLC for any such
12 purpose that would be exempt from taxation under the provisions of this
13 section if purchased directly by TLC. Nothing in this subsection shall be
14 deemed to exempt the purchase of any construction machinery, equipment
15 or tools used in the constructing, maintaining, repairing, enlarging,
16 furnishing or remodeling such facilities for TLC. When TLC contracts for
17 the purpose of constructing, maintaining, repairing, enlarging, furnishing
18 or remodeling such facilities, it shall obtain from the state and furnish to
19 the contractor an exemption certificate for the project involved, and the
20 contractor may purchase materials for incorporation in such project. The
21 contractor shall furnish the number of such certificate to all suppliers from
22 whom such purchases are made, and such suppliers shall execute invoices
23 covering the same bearing the number of such certificate. Upon
24 completion of the project the contractor shall furnish to TLC a sworn
25 statement, on a form to be provided by the director of taxation, that all
26 purchases so made were entitled to exemption under this subsection. All
27 invoices shall be held by the contractor for a period of five years and shall
28 be subject to audit by the director of taxation. If any materials purchased
29 under such a certificate are found not to have been incorporated in the
30 building or other project or not to have been returned for credit or the sales
31 or compensating tax otherwise imposed upon such materials that will not
32 be so incorporated in the building or other project reported and paid by
33 such contractor to the director of taxation not later than the 20th day of
34 the month following the close of the month in which it shall be determined
35 that such materials will not be used for the purpose for which such
36 certificate was issued, TLC shall be liable for tax on all materials
37 purchased for the project, and upon payment thereof it may recover the
38 same from the contractor together with reasonable attorney fees. Any
39 contractor or any agent, employee or subcontractor thereof, who shall use
40 or otherwise dispose of any materials purchased under such a certificate
41 for any purpose other than that for which such a certificate is issued
42 without the payment of the sales or compensating tax otherwise imposed
43 upon such materials, shall be guilty of a misdemeanor and, upon

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

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

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

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

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

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

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

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

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

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

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

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

1 of accounts and reports pursuant to vouchers approved by the director or
2 the director's designee;

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

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

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

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

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

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

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

36 (eeee) all sales of tangible personal property or services purchased by
37 or on behalf of all American beef battalion, 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 educating, promoting and
40 participating as a contact group through the beef cattle industry in order to
41 carry out such projects that provide support and morale to members of the
42 United States armed forces and military services;

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

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

1 subject to the penalties provided for in K.S.A. 79-3615(h), and
2 amendments thereto;

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

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

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

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

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

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

40 (llll) all sales of tangible personal property and services purchased by
41 Gove county healthcare endowment foundation, inc., which is exempt
42 from federal income taxation pursuant to section 501(c)(3) of the federal
43 internal revenue code of 1986, and which such property and services are

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

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

43 (nnnn) all sales of tangible personal property or services purchased

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

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

39 *(pppp) all sales of tangible personal property or services constituting*
40 *production or postproduction expenditures purchased for the purpose of a*
41 *certified project by a production company that meets the requirements*
42 *established in section 3, and amendments thereto, and that has been*
43 *approved for a project exemption certificate by the secretary of commerce*

1 *and the sale and installation of machinery and equipment constituting*
2 *production or postproduction expenditures purchased by such production*
3 *company for use in this state for a certified project. Such sales tax*
4 *exemptions may be limited by the secretary of commerce as provided by*
5 *section 3, and amendments thereto. When a production company contracts*
6 *for construction, reconstruction, enlargement or remodeling of any facility*
7 *for purposes of a certified project that constitutes a production or*
8 *postproduction expenditure, the production company shall obtain from the*
9 *state and furnish to the contractor an exemption certificate for the*
10 *certified project, and the contractor may purchase materials, machinery*
11 *and equipment for incorporation in such work. The contractor shall*
12 *furnish the number of such certificates to all suppliers from whom such*
13 *purchases are made, and such suppliers shall execute invoices covering*
14 *such purchases bearing the number of such certificate. Upon completion*
15 *of the work, the contractor shall furnish to the owner of the production*
16 *company a sworn statement, on a form to be provided by the director of*
17 *taxation, that all purchases so made were entitled to exemption under this*
18 *subsection and section 3, and amendments thereto. All invoices shall be*
19 *held by the contractor for a period of five years and shall be subject to*
20 *audit by the director of taxation. Any contractor or any agent, employee or*
21 *subcontractor thereof who uses or otherwise disposes of any materials,*
22 *machinery or equipment purchased under such a certificate for any*
23 *purpose other than that for which such a certificate is issued without the*
24 *payment of the sales or compensating tax otherwise imposed thereon shall*
25 *be guilty of a misdemeanor and, upon conviction therefor, shall be subject*
26 *to the penalties provided for in K.S.A. 79-3615(h), and amendments*
27 *thereto. As used in this subsection, "certified project," "postproduction*
28 *expenditure," "production company" and "production expenditure" mean*
29 *the same as defined in section 2, and amendments thereto.*

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

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