

As Amended by Senate Committee

Session of 2011

SENATE BILL No. 196

By Committee on Assessment and Taxation

2-11

1 AN ACT concerning taxation; relating to IMPACT program,
2 withholding, requirements, limitations; income tax deductions,
3 expensing of investment expenditures; income tax credits; sales tax
4 exemptions; creating job creation program fund, administration,
5 expenditures; amending K.S.A. 2010 Supp. 74-50,104, 74-50,106,
6 74-50,107, 74-50,109, 74-50,110, 74-50,111, 74-50,132, 79-
7 32,160a, 79-32,206 and 79-3606 and repealing the existing sections;
8 also repealing K.S.A. 2010 Supp. 74-50,151 and 74-50,152.
9

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

11 New Section 1. (a) There is hereby created in the state treasury the
12 job creation program fund. The secretary of commerce, in consultation
13 with the secretary of revenue and the governor, shall administer the
14 fund. All expenditures from the fund shall be for the purpose of
15 promoting job creation and economic development by funding projects
16 related to: (1) Major expansion of an existing Kansas commercial
17 enterprise;

18 (2) potential location in Kansas of the operations of major
19 employer;

20 (3) award of a significant federal or private sector grant which has
21 a financial matching requirement;

22 (4) potential departure from Kansas or the substantial reduction of
23 the operations of a major Kansas employer;

24 (5) training or retraining activities for employees in Kansas
25 companies;

26 (6) potential closure or substantial reduction of the operations of a
27 major state or federal institution;

28 (7) projects in counties with at least a 10% population decline
29 during the period from 2000 to 2010; or

30 (8) other unique economic development opportunities.

31 (b) All expenditures from the fund shall be for the purposes
32 described in subsection (a) and shall be made in accordance with
33 appropriation acts upon warrants of the director of accounts and reports

1 issued pursuant to vouchers approved by the secretary of commerce or
2 the secretary's designee.

3 New Sec. 2. (a) For taxable years beginning after December 31,
4 2011, a taxpayer may elect to take an expense deduction from Kansas
5 ~~taxable income~~ ***net income before expensing or recapture*** allocated or
6 apportioned to this state for the cost of the following property placed in
7 service in this state during the taxable year: (1) Tangible property
8 eligible for depreciation under the modified accelerated cost recovery
9 system in section 168 of the internal revenue code, as amended, but not
10 including residential rental property, nonresidential real property, any
11 railroad grading or tunnel bore or any other property with an applicable
12 recovery period in excess of 25 years as defined under section 168(c) or
13 (g) of the internal revenue code, as amended; and (2) computer
14 software as defined in section 197(e)(3)(B) of the internal revenue
15 code, as amended, and as described in section 197(e)(3)(A)(i) of the
16 internal revenue code, as amended, to which section 167 of the internal
17 revenue code, as amended, applies. If such election is made, the amount
18 of expense deduction for such cost shall equal the difference between
19 the depreciable cost of such property for federal income tax purposes
20 and the amount of bonus depreciation being claimed for such property
21 pursuant to section 168(k) of the internal revenue code, as amended, for
22 federal income tax purposes in such tax year, but without regard to any
23 expense deduction being claimed for such property under section 179
24 of the internal revenue code, as amended, multiplied by the applicable
25 factor, determined by using, the table provided in subsection (f), based
26 on the method of depreciation selected pursuant to section 168(b)(1),
27 (2), or (3) or (g) of the internal revenue code, as amended, and the
28 applicable recovery period for such property as defined under section
29 168(c) or (g) of the internal revenue code, as amended. This election
30 shall be made by the due date of the original return, including any
31 extensions, and may be made only for the taxable year in which the
32 property is placed in service, and once made, shall be irrevocable. ***If***
33 ***the section 179 expense deduction election has been made for federal***
34 ***income tax purposes for any asset, the applicable factor to be utilized***
35 ***is in the IRC § 168 (b)(1) column of the table provided in subsection***
36 ***(f) for the applicable recovery period of the respective assets.***

37 (b) If the amount of expense deduction calculated pursuant to
38 subsection (a) exceeds the taxpayer's Kansas ~~taxable income~~ ***net***
39 ***income before expensing or recapture*** allocated or apportioned to this

1 state, such excess amount ~~may be carried forward for deduction in the~~
2 ~~succeeding taxable year or years until the total of such amount is used~~
3 **shall be treated as a net operating loss as provided in K.S.A. 79-**
4 **32,143, and amendments thereto.**

5 (c) If the property for which an expense deduction is taken
6 pursuant to subsection (a) is subsequently sold during the applicable
7 recovery period for such property as defined under section 168(c) of
8 the internal revenue code, as amended, and in a manner that would
9 cause recapture of any previously taken expense or depreciation
10 deductions for federal income tax purposes, or if the situs of such
11 property is otherwise changed such that the property is relocated
12 outside the state of Kansas during such applicable recovery period, then
13 the expense deduction determined pursuant to subsection (a) shall be
14 subject to recapture and treated as Kansas taxable income allocated to
15 this state. The amount of recapture shall be the Kansas expense
16 deduction determined pursuant to subsection (a) multiplied by a
17 fraction, the numerator of which is the number of years remaining in
18 the applicable recovery period for such property as defined under
19 section 168(c) or (g) of the internal revenue code, as amended, after
20 such property is sold or removed from the state including the year of
21 such disposition, and the denominator of which is the total number of
22 years in such applicable recovery period.

23 (d) The situs of tangible property for purposes of claiming and
24 recapture of the expense deduction shall be the physical location of
25 such property. If such property is mobile, the situs shall be the physical
26 location of the business operations from where such property is used or
27 based. The situs of computer software shall be apportioned to Kansas
28 based on the fraction, the numerator of which is the number of the
29 taxpayer's users located in Kansas of licenses for such computer
30 software used in the active conduct of the taxpayer's business
31 operations, and the denominator of which is the total number of the
32 taxpayer's users of the licenses for such computer software used in the
33 active conduct of the taxpayer's business operations everywhere.

34 (e) Any member of a unitary group filing a combined report may
35 elect to take an expense deduction pursuant to subsection (a) for an
36 investment in property made by any member of the combined group,
37 provided that the amount calculated pursuant to subsection (a) may
38 only be deducted from the Kansas ~~taxable income~~ **net income before**
39 **expensing or recapture** allocated to or apportioned to this state by such

1 member making the election.

2 (f) The following table shall be used in determining the expense
 3 deduction calculated pursuant to subsection (a):

4 Factors

5 IRC§168	IRC§168(b)(1)	IRC§168(b)(2)	IRC§168(b)(3) or (g)
6 Recover Period	Depreciation	Depreciation	Depreciation
7 (year)	Method	Method	Method
8 2.5	*	.077	.092
9 3	.075	.091	.106
10 3.5	*	.102	.116
11 4	*	.114	.129
12 5	.116	.135	.150
13 6	*	.154	.170
14 6.5	*	.163	.179
15 7	.151	.173	.190
16 7.5	*	.181	.199
17 8	*	.191	.208
18 8.5	*	.199	.217
19 9	*	.208	.226
20 9.5	*	.216	.235
21 10	.198	.224	.244
22 10.5	*	.232	.252
23 11	*	.240	.261
24 11.5	*	.248	.269
25 12	*	.256	.277
26 12.5	*	.263	.285
27 13	*	.271	.293
28 13.5	*	.278	.300
29 14	*	.285	.308
30 15	*	.299	.323
31 16	*	.313	.337
32 16.5	*	.319	.344
33 17	*	.326	.351
34 18	*	.339	.365
35 19	*	.351	.378
36 20	*	.363	.391
37 22	*	.386	.415
38 24	*	.408	.438
39 25	*	.419	.449

40 * *Not Applicable.*

41 (g) If a taxpayer elects to expense any investment pursuant to
 42 subsection (a), such taxpayer shall not be eligible for any tax credit,
 43 accelerated depreciation, or deduction for such investment allowed
 44 pursuant to K.S.A. 2010 Supp. 79-32,160a(e), 79-32,182b, 79-32,201,
 45 79-32,204, 79-32,211, 79-32,218, 79-32,221, 79-32,222, 79-32,224, 79-
 46 32,227, 79-32,229, 79-32,232, 79-32,234, 79-32,237, 79-32,239, 79-

1 32,246, 79-32,249, 79-32,252, 79-32,255, 79-32,256 and 79-32,258,
2 and amendments thereto.

3 New Sec. 3. Except as otherwise provided, for taxable years
4 commencing after December 31, 2011, no credits may be earned
5 through the Kansas enterprise zone act, K.S.A. 79-32,160a; or the job
6 expansion and investment tax credit act, K.S.A. 79-32,153. Any carry
7 forward credit that has been earned through the Kansas enterprise zone
8 act, K.S.A. 79-32,160a, and is remaining after December 31, 2011, may
9 be carried forward to succeeding taxable years as long as all
10 requirements continue to be met. Any credit that has been earned
11 through the job expansion and investment tax credit act, K.S.A. 79-
12 32,153, with years left in recomputing the credit after December 31,
13 2011, may continue for the remainder of the nine-year period as long as
14 all requirements continue to be met.

15 Sec. 4. K.S.A. 2010 Supp. 74-50,104 is hereby amended to read as
16 follows: 74-50,104. (a) The secretary shall administer the provisions of
17 this act and the IMPACT program established thereunder. The secretary
18 shall encourage Kansas basic enterprises with similar training needs to
19 cooperate in establishing SKILL projects. The secretary shall
20 coordinate the SKILL program with other job training programs
21 administered by the department of commerce. The secretary shall
22 provide opportunities for coordination and cooperation of SKILL
23 projects with other job training activities in Kansas. Subject to the
24 limitation in K.S.A. 74-50,103, *and amendments thereto*, the secretary
25 shall be authorized to make direct investments in educational and
26 related workforce development institutions, for the purpose of
27 promoting improvements in workforce development, human capital,
28 training expertise, infrastructure and job retention.

29 (b) The secretary shall adopt rules and regulations as follows: (1)
30 Prescribing review standards and priorities for approval of proposed
31 agreements under this act, including appropriate incentives for
32 cooperation among projects, in order to maximize the number of new
33 jobs created or retained with respect to individual Kansas basic
34 enterprises, which will remain in Kansas; and (2) prescribing limits on
35 program costs and on project and program size in relation to the
36 number of new jobs created and wages of new or retained jobs. No
37 agreement shall be approved which provides for program costs of a
38 project under the agreement of more than 95% of the amount equal to
39 the estimated rate of withholding tax applied to the estimated amount of

1 gross wages of all the new or retained jobs under the project over a ten-
2 year period, *except that this provision shall not apply to any project*
3 *funded from the job creation program fund.*

4 (c) Notice of the approval of a project or program and an annual
5 report of the number of jobs created or retained under the IMPACT act
6 shall be provided to the chairpersons of the senate committee on
7 commerce and the committee on economic development of the house
8 of representatives.

9 (d) The secretary may adopt such other rules and regulations as
10 may be required for the implementation and administration of this act.

11 Sec. 5. K.S.A. 2010 Supp. 74-50,106 is hereby amended to read as
12 follows: 74-50,106. (a) The secretary of commerce shall review
13 applications for proposed agreements submitted by employers in
14 accordance with the standards and guidelines prescribed by this act and
15 by rules and regulations adopted under K.S.A. 74-50,104, and
16 amendments thereto. Each application for approval of a proposed
17 agreement shall be accompanied by information about the number and
18 wages of the new or retained jobs created by the employer,
19 documentation of existing training activities of the employer and such
20 other information as may be required by the secretary of commerce.

21 (b) The secretary of commerce may pool the funding requirements
22 of projects which are the subject of proposed agreements to determine
23 the funding requirements of the IMPACT projects under consideration
24 to facilitate the issuance of bonds by the Kansas development finance
25 authority.

26 (c) The secretary of commerce is hereby authorized to expend
27 funds raised pursuant to this act on major project investments. The
28 secretary shall adopt guidelines consistent with this act concerning firm
29 eligibility for major project investments and shall otherwise administer
30 the major project investment portion of the IMPACT act.

31 (d) In order for an employer to be eligible for a major project
32 investment, the employer must:

33 (1) Annually make an investment in training and education of the
34 employer's employees that exceeds 2% of the employer's total annual
35 payroll costs; or

36 (2) agree that a portion of any funds available under the agreement
37 be spent directly on employee education and training.

38 (e) An employer not creating new jobs shall be eligible to
39 participate in the IMPACT program if the employer meets the

1 following criteria: (1) Maintains a minimum of 250 retained jobs if
2 located in a metropolitan statistical area or a minimum of 100 retained
3 jobs if located in a nonmetropolitan statistical area; and (2) the
4 secretary of commerce finds that the program or project will be a major
5 factor in the Kansas basic enterprise remaining in Kansas, *except that*
6 *this subsection shall not apply to any project funded from the job*
7 *creation program fund.*

8 Sec. 6. K.S.A. 2010 Supp. 74-50,107 is hereby amended to read as
9 follows: 74-50,107. ~~(a) The secretary shall determine and from time to~~
10 ~~time shall redetermine the rate at which moneys shall be credited to the~~
11 ~~IMPACT program repayment fund in order to satisfy all bond~~
12 ~~repayment obligations which have been incurred to finance program~~
13 ~~costs for IMPACT programs, which shall be referred to as the debt~~
14 ~~service rate, and the rate at which moneys shall be credited to the~~
15 ~~IMPACT program services fund in order to finance program costs that~~
16 ~~are not financed by bonds, which shall be referred to as the direct~~
17 ~~funding rate. The total of the debt service rate and the direct funding~~
18 ~~rate shall be the combined rate. Each rate so determined shall be~~
19 ~~certified to the secretary of revenue. The combined rate determined~~
20 ~~under this subsection shall not exceed 2%.~~

21 ~~(b) Upon receipt of the rates determined and certified under~~
22 ~~subsection (a), the secretary of revenue shall apply daily the combined~~
23 ~~rate to that portion of the moneys withheld from the wages of~~
24 ~~individuals and collected under the Kansas withholding and declaration~~
25 ~~of estimated tax act K.S.A. 79-3294 et seq., and amendments thereto.~~
26 ~~The amount so determined shall be credited as follows: (1) The portion~~
27 ~~attributable to the debt service rate shall be credited to the IMPACT~~
28 ~~program repayment fund, and (2) the remaining portion shall be~~
29 ~~credited to the IMPACT program services fund.~~

30 ~~The aggregate of all amounts credited to the IMPACT program~~
31 ~~repayment fund under this section during any fiscal year to pay bond~~
32 ~~repayment obligations on bonds to finance major project investments~~
33 ~~shall not exceed the amount which results when the rate of 2% is~~
34 ~~applied to all money withheld from the wages of individuals and~~
35 ~~received under the Kansas withholding and declaration of estimated tax~~
36 ~~act. (a) Commencing July 1, 2011, the secretary of revenue shall apply a~~
37 ~~rate of 2% to that portion of moneys withheld from the wages of~~
38 ~~individuals and collected under the Kansas withholding and~~
39 ~~declaration of estimated tax act, K.S.A. 79-3294 et seq., and~~

1 *amendments thereto. The amount so determined shall be credited as*
2 *follows: (1) An amount necessary to meet obligations of the debt*
3 *services for the IMPACT program repayment fund; and (2) an amount*
4 *to the IMPACT program services fund as needed for program*
5 *administration; and (3) any remaining amounts to the job creation*
6 *program fund created pursuant to section 1, and amendments thereto.*

7 *(b) Commencing July 1, 2011 2012, and on an annual basis*
8 *thereafter, the secretary of revenue shall ~~determine~~ estimate the amount*
9 *equal to the amount of net savings realized from the elimination,*
10 *modification or limitation of subsection (g) of section 2, section 3,*
11 *section 4, K.S.A. 79-32,206 and subsection (cc) of K.S.A. 79-3606, and*
12 *~~amendments thereto~~ any credit, deduction or program pursuant to the*
13 ***provisions of this act as compared to the expense deduction provided***
14 ***for in section 2, and amendments thereto.** Whereupon such amount of*
15 *savings in accordance with appropriation acts shall be remitted to the*
16 *state treasurer in accordance with the provisions of K.S.A. 75-4215,*
17 *and amendments thereto. Upon receipt of each such remittance, the*
18 *state treasurer shall deposit the entire amount to the credit of the job*
19 *creation program fund created pursuant to section 1, and amendments*
20 *thereto. In addition, such other amount or amounts of ~~many~~ money*
21 *may be transferred from the state general fund or any other fund or*
22 *funds in the state treasury to the job creation program fund in*
23 *accordance with appropriation acts.*

24 Sec. 7. K.S.A. 2010 Supp. 74-50,109 is hereby amended to read as
25 follows: 74-50,109. (a) There is hereby created in the state treasury the
26 IMPACT program repayment fund. The secretary of commerce shall
27 administer the IMPACT program repayment fund. Except as provided
28 in subsection (c), all moneys credited to the IMPACT program
29 repayment fund shall be to make payments to the Kansas development
30 finance authority for payment of costs relating to the retirement of
31 bonds issued to finance projects approved by the secretary of
32 commerce under this act, including but not limited to the principal of
33 and interest on such bonds and the expenses of issuance. All
34 expenditures from the IMPACT program repayment fund shall be made
35 in accordance with appropriations acts upon warrants of the director of
36 accounts and reports issued pursuant to vouchers approved by the
37 secretary of commerce or the secretary's designee.

38 (b) Upon request of the secretary of commerce, the director of
39 accounts and reports shall establish one or more reserve accounts in the

1 IMPACT program repayment fund to secure one or more issues of
2 bonds issued by the Kansas development finance authority for the
3 purposes of this act.

4 (c) On June 30 of each year, any unencumbered balance in the
5 IMPACT program repayment fund which is not required for payment of
6 such expenses during the ensuing fiscal year, including any such
7 expenses associated with proposed ~~investments~~*investment* agreements
8 and bond issues under consideration for such fiscal year, and which is
9 not credited to any reserve account in the fund, as certified by the
10 secretary of commerce to the director of accounts and reports, shall be
11 transferred by the director of accounts and reports from the IMPACT
12 program repayment fund to the IMPACT program services fund *or the*
13 *job creation program fund.*

14 Sec. 8. K.S.A. 2010 Supp. 74-50,110 is hereby amended to read as
15 follows: 74-50,110. *Except as otherwise provided*, the activities of the
16 secretary of commerce in administering and performing the powers,
17 duties and functions prescribed by the provisions of this act and
18 providing moneys for IMPACT programs from the proceeds of bonds
19 issued by the Kansas development finance authority are hereby
20 approved for the purposes of subsection (b) of K.S.A. 74-8905, and
21 amendments thereto, and the authorization of the issuance of such
22 bonds by the Kansas development finance authority in accordance with
23 that statute. The provisions of subsection (a) of K.S.A. 74-8905, and
24 amendments thereto, shall not prohibit the issuance of bonds for such
25 purposes when so authorized and any such issuance of bonds is exempt
26 from the provisions of subsection (a) of K.S.A. 74-8905, and
27 amendments thereto. *No bonds shall be issued for IMPACT projects*
28 *after December 31, 2011.*

29 Sec. 9. K.S.A. 2010 Supp. 74-50,111 is hereby amended to read as
30 follows: 74-50,111. The secretary of commerce shall annually report on
31 activities under the IMPACT act, pursuant to K.S.A. 74-5049, and
32 amendments thereto. Each report shall contain information regarding
33 the number and characteristics of the new jobs created or jobs retained
34 in Kansas for which SKILL projects or major project investments have
35 been financed under this act, including a report on any such new or
36 retained jobs which do not continue to exist and the circumstances and
37 effect of any such discontinuances, *and activities of the department*
38 *related to administration of the job creation program fund and the*
39 *funding of projects thereunder.*

1 Sec. 10. K.S.A. 2010 Supp. 74-50,132 is hereby amended to read
2 as follows: 74-50,132. (a) For taxable years commencing after
3 December 31, 1997, *and before January 1, 2017*, a qualified firm shall
4 be entitled to a credit against the tax imposed by the Kansas income tax
5 act, the premium tax or privilege fee imposed pursuant to K.S.A. 40-
6 252, and amendments thereto, or the privilege tax as measured by net
7 income of financial institutions imposed pursuant to chapter 79, article
8 11 of the Kansas Statutes Annotated, *and amendments thereto*, in an
9 amount equal to the portion of the qualified business facility cash
10 investment in the training and education of the firm's employees that
11 exceeds 2% of the firm's total payroll costs. The maximum amount of
12 the credit that may be claimed by a single corporate taxpayer in any
13 single tax year under this section shall not exceed \$50,000. Tax credits
14 earned by a qualified business under this section must be claimed in
15 their entirety in the tax year eligible.

16 (b) For tax years commencing after December 31, 2005, any
17 taxpayer claiming credits pursuant to this section, as a condition for
18 claiming and qualifying for such credits, shall provide information
19 pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto, as
20 part of the tax return in which such credits are claimed. Such credits
21 shall not be denied solely on the basis of the contents of the information
22 provided by the taxpayer pursuant to K.S.A. 2010 Supp. 79-32,243, and
23 amendments thereto.

24 Sec. 11. K.S.A. 2010 Supp. 79-32,160a is hereby amended to read
25 as follows: 79-32,160a. (a) For taxable years commencing after
26 December 31, 1999, *and before January 1, 2012*, any taxpayer who
27 shall invest in a qualified business facility, as defined in subsection (b)
28 of K.S.A. 79-32,154, and amendments thereto, and effective for tax
29 years commencing after December 31, 2010, *and before January 1,*
30 *2012*, located in an area other than a metropolitan county as defined in
31 either K.S.A. 2010 Supp. 74-50,114 or 74-50,211, and amendments
32 thereto, and also meets the definition of a business in subsection (b) of
33 K.S.A. 74-50,114, and amendments thereto, shall be allowed a credit
34 for such investment, in an amount determined under subsection (b) or
35 (c), as the case requires, against the tax imposed by the Kansas income
36 tax act or where the qualified business facility is the principal place
37 from which the trade or business of the taxpayer is directed or managed
38 and the facility has facilitated the creation of at least 20 new full-time
39 positions, against the premium tax or privilege fees imposed pursuant

1 to K.S.A. 40-252, and amendments thereto, or as measured by the net
2 income of financial institutions imposed pursuant to chapter 79, article
3 11 of the Kansas Statutes Annotated, for the taxable year during which
4 commencement of commercial operations, as defined in subsection (f)
5 of K.S.A. 79-32,154, and amendments thereto, occurs at such qualified
6 business facility. In the case of a taxpayer who meets the definition of a
7 manufacturing business in subsection (d) of K.S.A. 74-50,114, and
8 amendments thereto, no credit shall be allowed under this section
9 unless the number of qualified business facility employees, as
10 determined under subsection (d) of K.S.A. 79-32,154, and amendments
11 thereto, engaged or maintained in employment at the qualified business
12 facility as a direct result of the investment by the taxpayer for the
13 taxable year for which the credit is claimed equals or exceeds two. In
14 the case of a taxpayer who meets the definition of a nonmanufacturing
15 business in subsection (f) of K.S.A. 74-50,114, and amendments
16 thereto, no credit shall be allowed under this section unless the number
17 of qualified business facility employees, as determined under
18 subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged
19 or maintained in employment at the qualified business facility as a
20 direct result of the investment by the taxpayer for the taxable year for
21 which the credit is claimed equals or exceeds five. Where an employee
22 performs services for the taxpayer outside the qualified business
23 facility, the employee shall be considered engaged or maintained in
24 employment at the qualified business facility if: (1) The employee's
25 service performed outside the qualified business facility is incidental to
26 the employee's service inside the qualified business facility; or (2) the
27 base of operations or, the place from which the service is directed or
28 controlled, is at the qualified business facility.

29 (b) The credit allowed by subsection (a) for any taxpayer who
30 invests in a qualified business facility which is located in a designated
31 nonmetropolitan region established under K.S.A. 74-50,116, and
32 amendments thereto, on or after the effective date of this act, shall be a
33 portion of the income tax imposed by the Kansas income tax act on the
34 taxpayer's Kansas taxable income, the premium tax or privilege fees
35 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
36 privilege tax as measured by the net income of financial institutions
37 imposed pursuant to chapter 79, article 11 of the Kansas Statutes
38 Annotated, *and amendments thereto*, for the taxable year for which
39 such credit is allowed, but in the case where the qualified business

1 facility investment was made prior to January 1, 1996, not in excess of
2 50% of such tax. Such portion shall be an amount equal to the sum of
3 the following:

4 (1) Two thousand five hundred dollars for each qualified business
5 facility employee determined under K.S.A. 79-32,154, and
6 amendments thereto; plus

7 (2) one thousand dollars for each \$100,000, or major fraction
8 thereof, which shall be deemed to be 51% or more, in qualified
9 business facility investment, as determined under K.S.A. 79-32,154,
10 and amendments thereto.

11 (c) The credit allowed by subsection (a) for any taxpayer who
12 invests in a qualified business facility, which is not located in a
13 nonmetropolitan region established under K.S.A. 74-50,116, and
14 amendments thereto, and effective for tax years commencing after
15 December 31, 2010, *and before January 1, 2012*, located in an area
16 other than a metropolitan county as defined in either K.S.A. 2010 Supp.
17 74-50,114 or 74-50,211, and amendments thereto, and which also meets
18 the definition of business in subsection (b) of K.S.A. 74-50,114, and
19 amendments thereto, on or after the effective date of this act, shall be a
20 portion of the income tax imposed by the Kansas income tax act on the
21 taxpayer's Kansas taxable income, the premium tax or privilege fees
22 imposed pursuant to K.S.A. 40-252, and amendments thereto, or the
23 privilege tax as measured by the net income of financial institutions
24 imposed pursuant to chapter 79, article 11 of the Kansas Statutes
25 Annotated, *and amendments thereto*, for the taxable year for which
26 such credit is allowed, but in the case where the qualified business
27 facility investment was made prior to January 1, 1996, not in excess of
28 50% of such tax. Such portion shall be an amount equal to the sum of
29 the following:

30 (1) One thousand five hundred dollars for each qualified business
31 facility employee as determined under K.S.A. 79-32,154, and
32 amendments thereto; and

33 (2) one thousand dollars for each \$100,000, or major fraction
34 thereof, which shall be deemed to be 51% or more, in qualified
35 business facility investment as determined under K.S.A. 79-32,154, and
36 amendments thereto.

37 (d) The credit allowed by subsection (a) for each qualified
38 business facility employee and for qualified business facility
39 investment shall be a one-time credit. If the amount of the credit

1 allowed under subsection (a) exceeds the tax imposed by the Kansas
2 income tax act on the taxpayer's Kansas taxable income, the premium
3 tax and privilege fees imposed pursuant to K.S.A. 40-252, and
4 amendments thereto, or the privilege tax as measured by the net income
5 of financial institutions imposed pursuant to chapter 79, article 11 of
6 the Kansas Statutes Annotated, *and amendments thereto*, for the taxable
7 year, or in the case where the qualified business facility investment was
8 made prior to January 1, 1996, 50% of such tax imposed upon the
9 amount which exceeds such tax liability or such portion thereof may be
10 carried over for credit in the same manner in the succeeding taxable
11 years until the total amount of such credit is used. Except that, before
12 the credit is allowed, a taxpayer, who meets the definition of a
13 manufacturing business in subsection (d) of K.S.A. 74-50,114, and
14 amendments thereto, shall recertify annually that the net increase of a
15 minimum of two qualified business facility employees has continued to
16 be maintained and a taxpayer, who meets the definition of a
17 nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and
18 amendments thereto, shall recertify annually that the net increase of a
19 minimum of five qualified business employees has continued to be
20 maintained.

21 (e) Notwithstanding the foregoing provisions of this section, *and*
22 *except as otherwise provided in this subsection, for any tax year*
23 *commencing before January 1, 2017*, any taxpayer qualified and
24 certified under the provisions of K.S.A. 74-50,131, and amendments
25 thereto; which, prior to making a commitment to invest in a qualified
26 Kansas business, has filed a certificate of intent to invest in a qualified
27 business facility in a form satisfactory to the secretary of commerce;
28 and that has received written approval from the secretary of commerce
29 for participation and has participated, during the tax year for which the
30 exemption is claimed, in the Kansas industrial training, Kansas
31 industrial retraining or the state of Kansas investments in lifelong
32 learning program or is eligible for the tax credit established in K.S.A.
33 74-50,132, and amendments thereto, shall be entitled to a credit in an
34 amount equal to 10% of that portion of the qualified business facility
35 investment which exceeds \$50,000 in lieu of the credit provided in
36 subsection (b)(2) or (c)(2) without regard to the number of qualified
37 business facility employees engaged or maintained in employment at
38 the qualified business facility. *For tax years beginning on or after*
39 *January 1, 2012, and before January 1, 2017, for a qualified business*

1 *facility investment in Douglas, Johnson, Leavenworth, Sedgwick,*
2 *Shawnee or Wyandotte counties, such credit shall be in an amount*
3 *equal to 10% of that portion of the qualified business facility*
4 *investment which exceeds \$5,000,000 \$1,000,000. Any taxpayer who*
5 *has filed an application to be certified under K.S.A. 74-50,131, and*
6 *amendments thereto, is qualified and certified under such provision and*
7 *has commenced work on the project a certificate of intent to invest in*
8 *a qualified business facility pursuant to this subsection in Douglas,*
9 *Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte county*
10 *prior to December 31, 2011, and commences investments in a*
11 *qualified business facility prior to December 31, 2013, may claim*
12 *credits under K.S.A. 74-50,131, 74-50,132 and subsection (e) of 79-*
13 *32,160a, and amendments thereto, in an amount equal to 10% of that*
14 *portion of the qualified business facility investment which exceeds*
15 *\$50,000. Timing modifications may be authorized at the discretion of*
16 *the secretary of commerce and the secretary of revenue during the*
17 *transition period. The credit allowed by this subsection shall be a one-*
18 *time credit. If the amount thereof exceeds the tax imposed by the*
19 *Kansas income tax act on the taxpayer's Kansas taxable income or the*
20 *premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and*
21 *amendments thereto, or the privilege tax as measured by net income of*
22 *financial institutions imposed pursuant to chapter 79, article 11 of the*
23 *Kansas Statutes Annotated, and amendments thereto, for the taxable*
24 *year, the amount thereof which exceeds such tax liability may be*
25 *carried forward for credit in the succeeding taxable year or years until*
26 *the total amount of the tax credit is used, except that no such tax credit*
27 *shall be carried forward for deduction after the 10th taxable year*
28 *succeeding the taxable year in which such credit initially was claimed*
29 *and no carry forward shall be allowed for deduction in any succeeding*
30 *taxable year unless the taxpayer continued to be qualified and was*
31 *recertified for such succeeding taxable year pursuant to K.S.A. 74-*
32 *50,131, and amendments thereto.*

33 (f) For tax years commencing after December 31, 2005, any
34 taxpayer claiming credits pursuant to this section, as a condition for
35 claiming and qualifying for such credits, shall provide information
36 pursuant to K.S.A. 2010 Supp. 79-32,243, and amendments thereto, as
37 part of the tax return in which such credits are claimed. Such credits
38 shall not be denied solely on the basis of the contents of the information
39 provided by the taxpayer pursuant to K.S.A. 2010 Supp. 79-32,243, and

1 amendments thereto.

2 (g) This section and K.S.A. 79-32,160b, and amendments thereto,
3 shall be part of and supplemental to the job expansion and investment
4 credit act of 1976 and ~~acts amendatory thereof and~~
5 ~~supplemental amendments~~ thereto.

6 Sec. 12. K.S.A. 2010 Supp. 79-32,206 is hereby amended to read
7 as follows: 79-32,206. For all taxable years commencing after
8 December 31, 2001, *and before January 1, 2012*, there shall be allowed
9 as a credit against the tax liability of a taxpayer imposed under the
10 Kansas income tax act, the premiums tax upon insurance companies
11 imposed pursuant to K.S.A. 40-252, and amendments thereto, and the
12 privilege tax as measured by net income of financial institutions
13 imposed pursuant to article 11 of chapter 79 of the Kansas Statutes
14 Annotated, *and amendments thereto*, an amount equal to 15% of the
15 property tax levied for property tax years 2002, 2003 and 2004, 20% of
16 the property tax levied for property tax years 2005 and 2006, and 25%
17 of the property tax levied for property tax year 2007, and all such years
18 thereafter, actually and timely paid during an income or privilege
19 taxable year upon commercial and industrial machinery and equipment
20 classified for property taxation purposes pursuant to section 1 of article
21 11 of the Kansas constitution in subclass (5) or (6) of class 2,
22 machinery and equipment classified for such purposes in subclass (2)
23 of class 2. For all taxable years commencing after December 31, 2004,
24 *and before January 1, 2012*, there shall be allowed as a credit against
25 the tax liability of a taxpayer imposed under the Kansas income tax act
26 an amount equal to 20% of the property tax levied for property tax
27 years 2005 and 2006, and 25% of the property tax levied for property
28 tax year 2007 and all such years thereafter, actually and timely paid
29 during an income taxable year upon railroad machinery and equipment
30 classified for property tax purposes pursuant to section 1 of article 11 of
31 the Kansas constitution in subclass (3) of class 2. If the amount of such
32 tax credit exceeds the taxpayer's income tax liability for the taxable
33 year, the amount thereof which exceeds such tax liability shall be
34 refunded to the taxpayer. If the taxpayer is a corporation having an
35 election in effect under subchapter S of the federal internal revenue
36 code, a partnership or a limited liability company, the credit provided
37 by this section shall be claimed by the shareholders of such
38 corporation, the partners of such partnership or the members of such
39 limited liability company in the same manner as such shareholders,

1 partners or members account for their proportionate shares of the
2 income or loss of the corporation, partnership or limited liability
3 company. The secretary of revenue shall adopt rules and regulations
4 regarding the filing of documents that support the amount of credit
5 claimed pursuant to this section.

6 Sec. 13. K.S.A. 2010 Supp. 79-3606 is hereby amended to read as
7 follows: 79-3606. The following shall be exempt from the tax imposed
8 by this act:

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

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

37 (c) all sales of tangible personal property or services, including the
38 renting and leasing of tangible personal property, purchased directly by
39 a public or private elementary or secondary school or public or private

1 nonprofit educational institution and used primarily by such school or
2 institution for nonsectarian programs and activities provided or
3 sponsored by such school or institution or in the erection, repair or
4 enlargement of buildings to be used for such purposes. The exemption
5 herein provided shall not apply to erection, construction, repair,
6 enlargement or equipment of buildings used primarily for human
7 habitation;

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

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

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

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

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

- 1 (g) sales of aircraft including remanufactured and modified
2 aircraft sold to persons using directly or through an authorized agent
3 such aircraft as certified or licensed carriers of persons or property in
4 interstate or foreign commerce under authority of the laws of the
5 United States or any foreign government or sold to any foreign
6 government or agency or instrumentality of such foreign government
7 and all sales of aircraft for use outside of the United States and sales of
8 aircraft repair, modification and replacement parts and sales of services
9 employed in the remanufacture, modification and repair of aircraft;
- 10 (h) all rentals of nonsectarian textbooks by public or private
11 elementary or secondary schools;
- 12 (i) the lease or rental of all films, records, tapes, or any type of
13 sound or picture transcriptions used by motion picture exhibitors;
- 14 (j) meals served without charge or food used in the preparation of
15 such meals to employees of any restaurant, eating house, dining car,
16 hotel, drugstore or other place where meals or drinks are regularly sold
17 to the public if such employees' duties are related to the furnishing or
18 sale of such meals or drinks;
- 19 (k) any motor vehicle, semitrailer or pole trailer, as such terms are
20 defined by K.S.A. 8-126, and amendments thereto, or aircraft sold and
21 delivered in this state to a bona fide resident of another state, which
22 motor vehicle, semitrailer, pole trailer or aircraft is not to be registered
23 or based in this state and which vehicle, semitrailer, pole trailer or
24 aircraft will not remain in this state more than 10 days;
- 25 (l) all isolated or occasional sales of tangible personal property,
26 services, substances or things, except isolated or occasional sale of
27 motor vehicles specifically taxed under the provisions of subsection (o)
28 of K.S.A. 79-3603, and amendments thereto;
- 29 (m) all sales of tangible personal property which become an
30 ingredient or component part of tangible personal property or services
31 produced, manufactured or compounded for ultimate sale at retail
32 within or without the state of Kansas; and any such producer,
33 manufacturer or compounder may obtain from the director of taxation
34 and furnish to the supplier an exemption certificate number for tangible
35 personal property for use as an ingredient or component part of the
36 property or services produced, manufactured or compounded;
- 37 (n) all sales of tangible personal property which is consumed in
38 the production, manufacture, processing, mining, drilling, refining or
39 compounding of tangible personal property, the treating of by-products

1 or wastes derived from any such production process, the providing of
2 services or the irrigation of crops for ultimate sale at retail within or
3 without the state of Kansas; and any purchaser of such property may
4 obtain from the director of taxation and furnish to the supplier an
5 exemption certificate number for tangible personal property for
6 consumption in such production, manufacture, processing, mining,
7 drilling, refining, compounding, treating, irrigation and in providing
8 such services;

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

15 (p) all sales of drugs dispensed pursuant to a prescription order by
16 a licensed practitioner or a mid-level practitioner as defined by K.S.A.
17 65-1626, and amendments thereto. As used in this subsection, "drug"
18 means a compound, substance or preparation and any component of a
19 compound, substance or preparation, other than food and food
20 ingredients, dietary supplements or alcoholic beverages, recognized in
21 the official United States pharmacopoeia, official homeopathic
22 pharmacopoeia of the United States or official national formulary, and
23 supplement to any of them, intended for use in the diagnosis, cure,
24 mitigation, treatment or prevention of disease or intended to affect the
25 structure or any function of the body;

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

29 (r) all sales of oxygen delivery equipment, kidney dialysis
30 equipment, enteral feeding systems, prosthetic devices and mobility
31 enhancing equipment prescribed in writing by a person licensed to
32 practice the healing arts, dentistry or optometry, and in addition to such
33 sales, all sales of hearing aids, as defined by subsection (c) of K.S.A.
34 74-5807, and amendments thereto, and repair and replacement parts
35 therefor, including batteries, by a person licensed in the practice of
36 dispensing and fitting hearing aids pursuant to the provisions of K.S.A.
37 74-5808, and amendments thereto. For the purposes of this subsection:
38 (1) "Mobility enhancing equipment" means equipment including repair
39 and replacement parts to same, but does not include durable medical

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

11 (s) except as provided in K.S.A. 2010 Supp. 82a-2101, and
12 amendments thereto, all sales of tangible personal property or services
13 purchased directly or indirectly by a groundwater management district
14 organized or operating under the authority of K.S.A. 82a-1020 et seq.,
15 and amendments thereto, by a rural water district organized or
16 operating under the authority of K.S.A. 82a-612, and amendments
17 thereto, or by a water supply district organized or operating under the
18 authority of K.S.A. 19-3501 et seq., 19-3522 et seq. or 19-3545, and
19 amendments thereto, which property or services are used in the
20 construction activities, operation or maintenance of the district;

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

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

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

12 (v) all sales of tangible personal property to any contractor for use
13 in preparing meals for delivery to homebound elderly persons over 60
14 years of age and to homebound disabled persons or to be served at a
15 group-sitting at a location outside of the home to otherwise homebound
16 elderly persons over 60 years of age and to otherwise homebound
17 disabled persons, as all or part of any food service project funded in
18 whole or in part by government or as part of a private nonprofit food
19 service project available to all such elderly or disabled persons residing
20 within an area of service designated by the private nonprofit
21 organization, and all sales of tangible personal property for use in
22 preparing meals for consumption by indigent or homeless individuals
23 whether or not such meals are consumed at a place designated for such
24 purpose, and all sales of food products by or on behalf of any such
25 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
29 agricultural use and also, for such use, all sales of propane gas; (3) for
30 use in the severing of oil; and (4) to any property which is exempt from
31 property taxation pursuant to K.S.A. 79-201b *Second* through *Sixth*. As
32 used in this paragraph, "severing" shall have the meaning ascribed
33 thereto by subsection (k) of K.S.A. 79-4216, and amendments thereto.
34 For all sales of natural gas, electricity and heat delivered through
35 mains, lines or pipes pursuant to the provisions of subsection (w)(1)
36 and (w)(2), the provisions of this subsection shall expire on December
37 31, 2005;

38 (x) all sales of propane gas, LP-gas, coal, wood and other fuel
39 sources for the production of heat or lighting for noncommercial use of

1 an occupant of residential premises occurring prior to January 1, 2006;
2 (y) all sales of materials and services used in the repairing,
3 servicing, altering, maintaining, manufacturing, remanufacturing, or
4 modification of railroad rolling stock for use in interstate or foreign
5 commerce under authority of the laws of the United States;
6 (z) all sales of tangible personal property and services purchased
7 directly by a port authority or by a contractor therefor as provided by
8 the provisions of K.S.A. 12-3418, and amendments thereto;
9 (aa) all sales of materials and services applied to equipment which
10 is transported into the state from without the state for repair, service,
11 alteration, maintenance, remanufacture or modification and which is
12 subsequently transported outside the state for use in the transmission of
13 liquids or natural gas by means of pipeline in interstate or foreign
14 commerce under authority of the laws of the United States;
15 (bb) all sales of used mobile homes or manufactured homes. As
16 used in this subsection: (1) "Mobile homes" and "manufactured homes"
17 shall have the meanings ascribed thereto by K.S.A. 58-4202, and
18 amendments thereto; and (2) "sales of used mobile homes or
19 manufactured homes" means sales other than the original retail sale
20 thereof;
21 (cc) all sales of tangible personal property or services purchased
22 *prior to January 1, 2012, except as otherwise provided*, for the purpose
23 of and in conjunction with constructing, reconstructing, enlarging or
24 remodeling a business or retail business which meets the requirements
25 established in K.S.A. 74-50,115, and amendments thereto, and the sale
26 and installation of machinery and equipment purchased for installation
27 at any such business or retail business, *and all sales of tangible*
28 *personal property or services purchased on or after January 1, 2012,*
29 *and before January 1, 2017, for the purpose of and in conjunction with*
30 *constructing, reconstructing, enlarging or remodeling a business which*
31 *meets the requirements established in K.S.A. 74-50,115(e), and*
32 *amendments thereto, and the sale and installation of machinery and*
33 *equipment purchased for installation at any such business. When a*
34 *person shall contract for the construction, reconstruction, enlargement*
35 *or remodeling of any such business or retail business, such person shall*
36 *obtain from the state and furnish to the contractor an exemption*
37 *certificate for the project involved, and the contractor may purchase*
38 *materials, machinery and equipment for incorporation in such project.*
39 The contractor shall furnish the number of such certificates to all

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

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

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

33 (ff) on and after July 1, 1988, all sales of new mobile homes or
34 manufactured homes to the extent of 40% of the gross receipts,
35 determined without regard to any trade-in allowance, received from
36 such sale. As used in this subsection, "mobile homes" and
37 "manufactured homes" shall have the meanings ascribed thereto by
38 K.S.A. 58-4202, and amendments thereto;

39 (gg) all sales of tangible personal property purchased in

- 1 accordance with vouchers issued pursuant to the federal special
2 supplemental food program for women, infants and children;
- 3 (hh) all sales of medical supplies and equipment, including
4 durable medical equipment, purchased directly by a nonprofit skilled
5 nursing home or nonprofit intermediate nursing care home, as defined
6 by K.S.A. 39-923, and amendments thereto, for the purpose of
7 providing medical services to residents thereof. This exemption shall
8 not apply to tangible personal property customarily used for human
9 habitation purposes. As used in this subsection, "durable medical
10 equipment" means equipment including repair and replacement parts
11 for such equipment, which can withstand repeated use, is primarily and
12 customarily used to serve a medical purpose, generally is not useful to a
13 person in the absence of illness or injury and is not worn in or on the
14 body, but does not include mobility enhancing equipment as defined in
15 subsection (r), oxygen delivery equipment, kidney dialysis equipment
16 or enteral feeding systems;
- 17 (ii) all sales of tangible personal property purchased directly by a
18 nonprofit organization for nonsectarian comprehensive multidiscipline
19 youth development programs and activities provided or sponsored by
20 such organization, and all sales of tangible personal property by or on
21 behalf of any such organization. This exemption shall not apply to
22 tangible personal property customarily used for human habitation
23 purposes;
- 24 (jj) all sales of tangible personal property or services, including the
25 renting and leasing of tangible personal property, purchased directly on
26 behalf of a community-based mental retardation facility or mental
27 health center organized pursuant to K.S.A. 19-4001 et seq., and
28 amendments thereto, and licensed in accordance with the provisions of
29 K.S.A. 75-3307b, and amendments thereto and all sales of tangible
30 personal property or services purchased by contractors during the time
31 period from July, 2003, through June, 2006, for the purpose of
32 constructing, equipping, maintaining or furnishing a new facility for a
33 community-based mental retardation facility or mental health center
34 located in Riverton, Cherokee County, Kansas, which would have been
35 eligible for sales tax exemption pursuant to this subsection if purchased
36 directly by such facility or center. This exemption shall not apply to
37 tangible personal property customarily used for human habitation
38 purposes;
- 39 (kk) (1) (A) all sales of machinery and equipment which are used

1 in this state as an integral or essential part of an integrated production
2 operation by a manufacturing or processing plant or facility;

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

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

7 (2) For purposes of this subsection:

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

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

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

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

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

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

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

38 (3) For purposes of this subsection, machinery and equipment
39 shall be deemed to be used as an integral or essential part of an

- 1 integrated production operation when used:
- 2 (A) To receive, transport, convey, handle, treat or store raw
3 materials in preparation of its placement on the production line;
- 4 (B) to transport, convey, handle or store the property undergoing
5 manufacturing or processing at any point from the beginning of the
6 production line through any warehousing or distribution operation of
7 the final product that occurs at the plant or facility;
- 8 (C) to act upon, effect, promote or otherwise facilitate a physical
9 change to the property undergoing manufacturing or processing;
- 10 (D) to guide, control or direct the movement of property
11 undergoing manufacturing or processing;
- 12 (E) to test or measure raw materials, the property undergoing
13 manufacturing or processing or the finished product, as a necessary part
14 of the manufacturer's integrated production operations;
- 15 (F) to plan, manage, control or record the receipt and flow of
16 inventories of raw materials, consumables and component parts, the
17 flow of the property undergoing manufacturing or processing and the
18 management of inventories of the finished product;
- 19 (G) to produce energy for, lubricate, control the operating of or
20 otherwise enable the functioning of other production machinery and
21 equipment and the continuation of production operations;
- 22 (H) to package the property being manufactured or processed in a
23 container or wrapping in which such property is normally sold or
24 transported;
- 25 (I) to transmit or transport electricity, coke, gas, water, steam or
26 similar substances used in production operations from the point of
27 generation, if produced by the manufacturer or processor at the plant
28 site, to that manufacturer's production operation; or, if purchased or
29 delivered from offsite, from the point where the substance enters the
30 site of the plant or facility to that manufacturer's production operations;
- 31 (J) to cool, heat, filter, refine or otherwise treat water, steam, acid,
32 oil, solvents or other substances that are used in production operations;
- 33 (K) to provide and control an environment required to maintain
34 certain levels of air quality, humidity or temperature in special and
35 limited areas of the plant or facility, where such regulation of
36 temperature or humidity is part of and essential to the production
37 process;
- 38 (L) to treat, transport or store waste or other byproducts of
39 production operations at the plant or facility; or

1 (M) to control pollution at the plant or facility where the pollution
2 is produced by the manufacturing or processing operation.

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

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

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

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

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

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

- 1 community action group or agency for the exclusive purpose of
2 repairing or weatherizing housing occupied by low income individuals;
- 3 (pp) all sales of drill bits and explosives actually utilized in the
4 exploration and production of oil or gas;
- 5 (qq) all sales of tangible personal property and services purchased
6 by a nonprofit museum or historical society or any combination thereof,
7 including a nonprofit organization which is organized for the purpose
8 of stimulating public interest in the exploration of space by providing
9 educational information, exhibits and experiences, which is exempt
10 from federal income taxation pursuant to section 501(c)(3) of the
11 federal internal revenue code of 1986;
- 12 (rr) all sales of tangible personal property which will admit the
13 purchaser thereof to any annual event sponsored by a nonprofit
14 organization which is exempt from federal income taxation pursuant to
15 section 501(c)(3) of the federal internal revenue code of 1986;
- 16 (ss) all sales of tangible personal property and services purchased
17 by a public broadcasting station licensed by the federal
18 communications commission as a noncommercial educational
19 television or radio station;
- 20 (tt) all sales of tangible personal property and services purchased
21 by or on behalf of a not-for-profit corporation which is exempt from
22 federal income taxation pursuant to section 501(c)(3) of the federal
23 internal revenue code of 1986, for the sole purpose of constructing a
24 Kansas Korean War memorial;
- 25 (uu) all sales of tangible personal property and services purchased
26 by or on behalf of any rural volunteer fire-fighting organization for use
27 exclusively in the performance of its duties and functions;
- 28 (vv) all sales of tangible personal property purchased by any of the
29 following organizations which are exempt from federal income taxation
30 pursuant to section 501(c)(3) of the federal internal revenue code of
31 1986, for the following purposes, and all sales of any such property by
32 or on behalf of any such organization for any such purpose:
- 33 (1) The American Heart Association, Kansas Affiliate, Inc. for the
34 purposes of providing education, training, certification in emergency
35 cardiac care, research and other related services to reduce disability and
36 death from cardiovascular diseases and stroke;
- 37 (2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of
38 advocacy for persons with mental illness and to education, research and
39 support for their families;

1 (3) the Kansas Mental Illness Awareness Council for the purposes
2 of advocacy for persons who are mentally ill and to education, research
3 and support for them and their families;

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

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

15 (6) the Kansas chapters of the Alzheimer's Disease and Related
16 Disorders Association, Inc. for the purpose of providing assistance and
17 support to persons in Kansas with Alzheimer's disease, and their
18 families and caregivers;

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

22 (8) the National Kidney Foundation of Kansas and Western
23 Missouri for the purpose of eliminating kidney disease through medical
24 research and public and private education related to such disease;

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

28 (10) the Cystic Fibrosis Foundation, Heart of America Chapter, for
29 the purposes of assuring the development of the means to cure and
30 control cystic fibrosis and improving the quality of life for those with
31 the disease;

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

37 (12) the CHWC, Inc., for the purpose of rebuilding urban core
38 neighborhoods through the construction of new homes, acquiring and
39 renovating existing homes and other related activities, and promoting

- 1 economic development in such neighborhoods;
- 2 (13) the cross-lines cooperative council for the purpose of
3 providing social services to low income individuals and families;
- 4 (14) the Dreams Work, Inc., for the purpose of providing young
5 adult day services to individuals with developmental disabilities and
6 assisting families in avoiding institutional or nursing home care for a
7 developmentally disabled member of their family;
- 8 (15) the KSDS, Inc., for the purpose of promoting the
9 independence and inclusion of people with disabilities as fully
10 participating and contributing members of their communities and
11 society through the training and providing of guide and service dogs to
12 people with disabilities, and providing disability education and
13 awareness to the general public;
- 14 (16) the lyme association of greater Kansas City, Inc., for the
15 purpose of providing support to persons with lyme disease and public
16 education relating to the prevention, treatment and cure of lyme
17 disease;
- 18 (17) the Dream Factory, Inc., for the purpose of granting the
19 dreams of children with critical and chronic illnesses;
- 20 (18) the Ottawa Suzuki Strings, Inc., for the purpose of providing
21 students and families with education and resources necessary to enable
22 each child to develop fine character and musical ability to the fullest
23 potential;
- 24 (19) the International Association of Lions Clubs for the purpose
25 of creating and fostering a spirit of understanding among all people for
26 humanitarian needs by providing voluntary services through
27 community involvement and international cooperation;
- 28 (20) the Johnson county young matrons, inc., for the purpose of
29 promoting a positive future for members of the community through
30 volunteerism, financial support and education through the efforts of an
31 all volunteer organization;
- 32 (21) the American Cancer Society, Inc., for the purpose of
33 eliminating cancer as a major health problem by preventing cancer,
34 saving lives and diminishing suffering from cancer, through research,
35 education, advocacy and service;
- 36 (22) the community services of Shawnee, inc., for the purpose of
37 providing food and clothing to those in need;
- 38 (23) the angel babies association, for the purpose of providing
39 assistance, support and items of necessity to teenage mothers and their

1 babies; and
2 (24) the Kansas fairgrounds foundation for the purpose of the
3 preservation, renovation and beautification of the Kansas state
4 fairgrounds;
5 (ww) all sales of tangible personal property purchased by the
6 Habitat for Humanity for the exclusive use of being incorporated within
7 a housing project constructed by such organization;
8 (xx) all sales of tangible personal property and services purchased
9 by a nonprofit zoo which is exempt from federal income taxation
10 pursuant to section 501(c)(3) of the federal internal revenue code of
11 1986, or on behalf of such zoo by an entity itself exempt from federal
12 income taxation pursuant to section 501(c)(3) of the federal internal
13 revenue code of 1986 contracted with to operate such zoo and all sales
14 of tangible personal property or services purchased by a contractor for
15 the purpose of constructing, equipping, reconstructing, maintaining,
16 repairing, enlarging, furnishing or remodeling facilities for any
17 nonprofit zoo which would be exempt from taxation under the
18 provisions of this section if purchased directly by such nonprofit zoo or
19 the entity operating such zoo. Nothing in this subsection shall be
20 deemed to exempt the purchase of any construction machinery,
21 equipment or tools used in the constructing, equipping, reconstructing,
22 maintaining, repairing, enlarging, furnishing or remodeling facilities for
23 any nonprofit zoo. When any nonprofit zoo shall contract for the
24 purpose of constructing, equipping, reconstructing, maintaining,
25 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
26 from the state and furnish to the contractor an exemption certificate for
27 the project involved, and the contractor may purchase materials for
28 incorporation in such project. The contractor shall furnish the number
29 of such certificate to all suppliers from whom such purchases are made,
30 and such suppliers shall execute invoices covering the same bearing the
31 number of such certificate. Upon completion of the project the
32 contractor shall furnish to the nonprofit zoo concerned a sworn
33 statement, on a form to be provided by the director of taxation, that all
34 purchases so made were entitled to exemption under this subsection.
35 All invoices shall be held by the contractor for a period of five years
36 and shall be subject to audit by the director of taxation. If any materials
37 purchased under such a certificate are found not to have been
38 incorporated in the building or other project or not to have been
39 returned for credit or the sales or compensating tax otherwise imposed

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

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

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

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

1 constructing, equipping, reconstructing, maintaining, repairing,
2 enlarging, furnishing or remodeling facilities for any such organization.
3 When any such organization shall contract for the purpose of
4 constructing, equipping, reconstructing, maintaining, repairing,
5 enlarging, furnishing or remodeling facilities, it shall obtain from the
6 state and furnish to the contractor an exemption certificate for the
7 project involved, and the contractor may purchase materials for
8 incorporation in such project. The contractor shall furnish the number
9 of such certificate to all suppliers from whom such purchases are made,
10 and such suppliers shall execute invoices covering the same bearing the
11 number of such certificate. Upon completion of the project the
12 contractor shall furnish to such organization concerned a sworn
13 statement, on a form to be provided by the director of taxation, that all
14 purchases so made were entitled to exemption under this subsection.
15 All invoices shall be held by the contractor for a period of five years
16 and shall be subject to audit by the director of taxation. If any materials
17 purchased under such a certificate are found not to have been
18 incorporated in the building or other project or not to have been
19 returned for credit or the sales or compensating tax otherwise imposed
20 upon such materials which will not be so incorporated in the building
21 or other project reported and paid by such contractor to the director of
22 taxation not later than the 20th day of the month following the close of
23 the month in which it shall be determined that such materials will not
24 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
29 otherwise dispose of any materials purchased under such a certificate
30 for any purpose other than that for which such a certificate is issued
31 without the payment of the sales or compensating tax otherwise
32 imposed upon such materials, shall be guilty of a misdemeanor and,
33 upon conviction therefor, shall be subject to the penalties provided for
34 in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax
35 paid on and after July 1, 1998, but prior to the effective date of this act
36 upon the gross receipts received from any sale exempted by the
37 amendatory provisions of this subsection shall be refunded. Each claim
38 for a sales tax refund shall be verified and submitted to the director of
39 taxation upon forms furnished by the director and shall be accompanied

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

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

13 (ccc) on and after July 1, 1999, all sales of tangible personal
14 property and services purchased by a primary care clinic or health
15 center the primary purpose of which is to provide services to medically
16 underserved individuals and families, and which is exempt from federal
17 income taxation pursuant to section 501(c)(3) of the federal internal
18 revenue code, and all sales of tangible personal property or services
19 purchased by a contractor for the purpose of constructing, equipping,
20 reconstructing, maintaining, repairing, enlarging, furnishing or
21 remodeling facilities for any such clinic or center which would be
22 exempt from taxation under the provisions of this section if purchased
23 directly by such clinic or center. Nothing in this subsection shall be
24 deemed to exempt the purchase of any construction machinery,
25 equipment or tools used in the constructing, equipping, reconstructing,
26 maintaining, repairing, enlarging, furnishing or remodeling facilities for
27 any such clinic or center. When any such clinic or center shall contract
28 for the purpose of constructing, equipping, reconstructing, maintaining,
29 repairing, enlarging, furnishing or remodeling facilities, it shall obtain
30 from the state and furnish to the contractor an exemption certificate for
31 the project involved, and the contractor may purchase materials for
32 incorporation in such project. The contractor shall furnish the number
33 of such certificate to all suppliers from whom such purchases are made,
34 and such suppliers shall execute invoices covering the same bearing the
35 number of such certificate. Upon completion of the project the
36 contractor shall furnish to such clinic or center 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.
39 All invoices shall be held by the contractor for a period of five years

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

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

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

35 (fff) all sales of material handling equipment, racking systems and
36 other related machinery and equipment that is used for the handling,
37 movement or storage of tangible personal property in a warehouse or
38 distribution facility in this state; all sales of installation, repair and
39 maintenance services performed on such machinery and equipment;

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

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

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

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

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

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

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

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

32 (mmm) all sales of tangible personal property purchased by or on
33 behalf of the Marillac Center, Inc., which is exempt from federal
34 income taxation pursuant to section 501(c)(3) of the federal internal
35 revenue code, for the purpose of providing psycho-social-biological
36 and special education services to children, and all sales of any such
37 property by or on behalf of such organization for such purpose;

38 (nnn) all sales of tangible personal property and services
39 purchased by the West Sedgwick County-Sunrise Rotary Club and

1 Sunrise Charitable Fund for the purpose of constructing a boundless
2 playground which is an integrated, barrier free and developmentally
3 advantageous play environment for children of all abilities and
4 disabilities;

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

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

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

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

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

33 (sss) all sales of tangible personal property and services purchased
34 by catholic charities or youthville, hereinafter referred to as charitable
35 family providers, which is exempt from federal income taxation
36 pursuant to section 501(c)(3) of the federal internal revenue code of
37 1986, and which such property and services are used for the purpose of
38 providing emergency shelter and treatment for abused and neglected
39 children as well as meeting additional critical needs for children,

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

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

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

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

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

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

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

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

36 (xxx) all sales of personal property and services purchased by the
37 booth theatre foundation, inc., an organization which is exempt from
38 federal income taxation pursuant to section 501(c)(3) of the federal
39 internal revenue code of 1986, and which such personal property and

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

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

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

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

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

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

38 (bbbb) all sales of entry or participation fees, charges or tickets by
39 Guadalupe health foundation, which is exempt from federal income

1 taxation pursuant to section 501(c)(3) of the federal internal revenue
2 code, for such organization's annual fundraising event which purpose is
3 to provide health care services for uninsured workers;

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

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

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

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

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

36 Sec. 14. K.S.A. 2010 Supp. 74-50,104, 74-50,106, 74-50,107, 74-
37 50,109, 74-50,110, 74-50,111, 74-50,132, 79-32,160a, 79-32,206 and
38 79-3606 are hereby repealed.

39 Sec. 15. On January 1, 2012, K.S.A. 2010 Supp. 74-50,151 and

1 74-50,152 are hereby repealed.
2 Sec. 16. This act shall take effect and be in force from and after its
3 publication in the statute book.
4