

KANSAS DEPARTMENT OF REVENUE

INTEGRATED PRODUCTION MACHINERY AND EQUIPMENT EXEMPTION CERTIFICATE

The undersigned purchaser certifies that the tangible personal property and/or services purchased from:

Seller: _____ Business Name

Address: _____ Street, RR, or P.O. Box City State Zip + 4

are exempt from Kansas sales and compensating use tax for the following reason:

K.S.A. 79-3606(kk)(1) exempts (A) all sales of machinery and equipment used in Kansas as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility, (B) all sales of installation, repair and maintenance services performed on such machinery and equipment; and (C) all sales of repair and replacement parts and accessories for such machinery and equipment.

TO OBTAIN THIS EXEMPTION, COMPLETE LINES 1 THROUGH 5 AND THE CERTIFICATION

- 1. Describe the qualified machinery or equipment (include make, model, type, or other identifying criteria): Machinery or equipment used in integrated production process
2. Describe how this equipment is used in the production process: Receive, transport, convey, handle, treat, store, act upon, effect, promote, guide control, direct, or otherwise facilitate physical change to property undergoing mfg.
3. The equipment described in line 1 is / will be (circle one) located and used at the following Kansas manufacturing facility or plant. (If this certificate applies to more than one location attach a list which identifies the additional locations.)

B/E Aerospace, Inc. Name of Facility 15701 W 95th St Lenexa KS 66215 Street Address City State Zip Code

- 4. This certificate is for the: (Check all that apply)
[X] Purchase, lease, or rental of the integrated production machinery or equipment described in line 1.
[X] Materials and/or services necessary to install the equipment described in line 1. Describe:
[X] Materials and/or labor to fabricate qualified equipment. Describe:
[] Repair or maintenance services on the equipment described in line 1.
[X] Repair parts, replacement parts, or accessories for the equipment described in line 1. Describe; include model, type, etc.
[] Purchase, lease, or rental of surface-mining equipment, as discussed in NOTICE 14-16.

- 5. The purchaser is:
[X] the owner/lessor of the equipment [] a contractor installing, servicing, repairing or fabricating the equipment

The undersigned understands and agrees that if the tangible personal property and/or services are used other than as stated above or for any other purpose that is not exempt from sales or compensating use tax, the undersigned purchaser becomes liable for the tax.

Purchaser: B/E Aerospace, Inc. d/b/a Collins Aerospace Business Name

Purchaser's Type of Business Manufacturer of interior aircraft cabin equipment & systems Describe business activity and/or principal product(s) manufactured or processed

Address: 157901 W 95th St Lenexa KS 66215 Street, RR, or P.O. Box City State Zip Code

Authorized Signature: Chad Jeffrey Date:

Printed Name: Chad Jeffrey Title: Tax Manager

THIS CERTIFICATE MUST BE COMPLETED IN ITS ENTIRETY.

ABOUT THE EXEMPTION FOR INTEGRATED PRODUCTION MACHINERY & EQUIPMENT

WHO MAY USE THIS EXEMPTION? Any manufacturing or processing business engaged in an integrated production operation at a plant or facility located in Kansas may use this certificate to purchase, install or repair integrated production machinery and equipment without tax. Contractors & repairmen may also use this certificate to purchase without tax the parts, materials and labor necessary to install, service, repair or fabricate qualified equipment.

Examples of manufacturing or processing businesses include: Chemical production; electrical power generation; the fabrication of automobiles, airplanes, machinery or transportation equipment; the fabrication of metal, plastic, wood or paper products; newspaper printing; petroleum refining; water treatment; wholesale bottling; etc. Also included are agricultural commodity processing operations (such as meat packing, frozen food processing, and the operations of a grain storage facility) and operations at a mineral (oil, gas, stone, sand, etc.) extraction site to clean, separate, grind or otherwise treat or prepare the product before its transmission to a refinery or for other wholesale or retail distribution.

Non-industrial businesses whose operations are primarily (more than 50%) retail, and produce or process tangible personal property as an incidental part of the retail business may NOT use this certificate. Retailers who may not use this certificate include: contractors who alter, service or repair real property; grocers who butcher or dress livestock or poultry; and retailers who bake, cook or prepare food products in the regular course of their retail trade.

WHAT IS INTEGRATED PRODUCTION MACHINERY & EQUIPMENT? To qualify as integrated production equipment, the item must be an integral or essential part of a process to manufacture, process, fabricate, finish, or assemble items for wholesale or retail distribution.

EXEMPT ITEMS INCLUDE (BUT ARE NOT LIMITED TO) MACHINERY AND EQUIPMENT USED TO:

- Receive, transport, convey, handle, treat or store raw materials in preparation for their placement on the production line;
- Transport, convey, handle or store the property undergoing manufacture at any point from the beginning to the end of the process occurring at the plant or facility;
- Act upon, effect, promote or otherwise facilitate a physical change to the property undergoing manufacturing or processing;
- Guide, control or direct the movement of property undergoing manufacturing or processing;
- Test or measure raw materials, the property undergoing manufacturing or processing, or the finished product as necessary by the production operation;
- Plan, manage, control, or record the inventories of raw materials, consumables, component parts, and the finished product;
- Produce energy for, lubricate, control, or otherwise enable the function of other production equipment;
- Package the product;
- Transmit or transport electricity, coke, gas, water, steam or similar substances used in production from the point of generation (if produced at the plant site), or from the point where it enters the plant or facility (if purchased or delivered offsite), to the production operation;
- Cool, heat, filter, refine or otherwise treat water, steam, acid, oil, solvents or other substances used in production operations;
- Provide and control an environment required to maintain certain levels of air quality, humidity or temperature in special and limited areas of the plant or facility where such regulation is part of and essential to the production process;
- Treat, transport or store waste or other by products of the production process at the plant or facility; or

- Control pollution produced by the manufacturing or processing operation at the plant or facility.

ALSO EXEMPT: All labor services to install, repair or maintain the manufacturing machinery and equipment, and all repair parts, replacement parts, and accessories for qualified equipment. These include, but are not limited to: dies, jigs, molds, patterns and safety devices that are attached to the exempt equipment; and parts and accessories that require periodic replacement such as belts, cutting bars, drill bits, grinding balls and wheels, saws; and refractory brick and other refractory items for exempt kiln equipment used in production operations.

TAXABLE ITEMS INCLUDE (BUT ARE NOT LIMITED TO):

- Machinery and equipment used for non-production purposes, such as accounting, administration, advertising, employee work scheduling, fire prevention, first aid, marketing, plant cleaning, plant communications, plant security, record keeping, or sales and other related activities. Also taxable are computers and related peripheral equipment not used directly and primarily to control or measure the manufacturing process, or furniture and other furnishings (e.g., office equipment).
- Machinery, equipment and tools used primarily to maintain or repair any type of machinery and equipment, or the building or plant;
- Transportation, transmission and distribution equipment not primarily used in the production, warehousing or material handling process, such as the conveyance of natural gas, electricity, oil or water, and related equipment located outside the plant or facility;
- Buildings (other than exempt machinery and equipment that becomes a structural part of the building) and other real estate not otherwise exempt, and building fixtures not integral to the manufacturing operation, such as utility systems for heating, ventilation, air conditioning, communications, plumbing or electrical;
- Machinery and equipment used for general plant heating, cooling and lighting;
- Motor vehicles that are registered to operate on public highways;
- Employee apparel, except safety and protective apparel that is purchased by the employer and furnished without charge to those employees who are involved in production or research activities; or
- Machinery and equipment used in mining, gas and petroleum drilling, water drilling, quarrying, sand and gravel extraction operations, and other similar activities to explore for or extract petroleum, gas, mineral, rock, sand, water, and other minerals or similar matter from below the surface of the soil or water or from a mine.

ADDITIONAL INFORMATION. A more complete discussion of this sales tax exemption is in the Kansas Department of Revenue's Notice 00-08, Kansas Exemption for Manufacturing Machinery & Equipment as Expanded by K.S.A. 79-3606(fff). This notice is available by calling 785-368-8222 or from our web site: www.ksrevenue.org.

RETAINING THIS CERTIFICATE. Sellers should retain a completed copy of this certificate in their records for at least three years from the date of sale. A seller is relieved of liability for the tax if it obtains a completed exemption certificate from a purchaser with which the seller has a recurring business relationship. A certificate need not be renewed or updated when there is a recurring business relationship between the buyer and seller. A recurring business relationship exists when a period of no more than 12 months elapses between sales transactions.