

Approved On: \_\_\_\_\_

Minutes of the House Committee on Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on January 29, 1988 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Aylward

Committee staff present:

Tom Severn, Legislative Research  
Chris Courtright, Legislative Research  
Don Hayward, Reviser of Statutes  
Millie Foose, Committee Secretary

HB 2626 Representative Wagnon moved, second by Representative Fuller, that an amendment exempting food purchased by soup kitchens be adopted. Attachment 1. The motion carried.

Representative Vancrum moved, second by Representative Reardon, that sales of coupon books be exempt. After committee discussion, the motion failed. \*(Attachment 2)

Representative Wunsch moved, second by Representative Fuller, to exempt from tax personal property and services purchased by a nonprofit museum or historical society which is exempt from federal income tax. The motion carried. (Attachment 3)

Representative Snowbarger moved, second by Representative Vancrum, to adopt amendment #9 exempting business manufacturing equipment and to delete the word "solely". The motion carried. (Attachment 4)

Representative Vancrum moved, second by Representative Roe, to adopt an amendment taxing gross receipts on various phone answering services. The motion carried. (Attachment 5)

Representative Fuller moved, second by Representative Roe, to exempt from tax all sales of seeds, etc., purchased and used for the purpose of producing plants on land in the CRP program. Representative Lowther moved, second by Representative Wagnon, that the exemption for tree seedlings be removed from the amendment. The substitute motion failed. The original motion carried. (Attachment 6)

Representative Snowbarger moved, second by Representative Vancrum, to strike "any of the services enumerated herein which are required to be provided by contract shall be taxable whether or not the services are actually provided as had been previously adopted by the committee as it related to computer software." The motion failed.

Representative Vancrum moved, second by Representative Snowbarger, that the wording be changed to "any of these maintenance services, whether or not they are actually provided, enumerated herein, if the services are initially taxable." The committee agreed they were attempting to tax maintenance agreements on software which was otherwise taxable and directed staff to draw language which would be incorporated into the bill to accomplish that end.

Representative Smith moved, second by Representative Shore, to exempt from tax new farm machinery and equipment. There was considerable discussion whether this would help farmers or dealers. Representative Smith said there is a serious lack of dealers who can make repairs on farm machinery. The motion failed. (Attachment 7)

Representative Pottorff moved, second by Representative Spaniol, to amend KSA 79-3606 to read as follows: "all sales or rentals of non-sectarian textbooks, uniforms, instruments, activity tickets, or materials used for education purposes by public or private elementary or secondary schools." (Attachment 8) The motion carried.

Representative Fuller moved, second by Representative Roe, that "acts of God" be removed from the sales tax exemption law. Motion carried with Representatives Spaniol, Leach and Vancrum requesting to be recorded as voting no.

Representative Vancrum moved, second by Representative Rolfs, that services relating to hotels be exempted from the sales tax. (Attachment 9) The committee recessed pending adjournment of the House. The Chairman reconvened the meeting at 11:45. The amendment was withdrawn due to the fact that it may have been broader than intended.

Representative Fuller moved, second by Representative Pottorff, that food sold by youth organizations be exempt from the sales tax. (Attachment 10) Motion failed.


Representative Lowther moved, second by Representative Rolfs, to conceptually amend the bill to allow the department to go back more than three years in tax assessments where fraud is involved or where a retailer collect the sales tax and did not remit to the state. Motion carried.

Representative Wagnon moved, second by Representative Wunsch to clarify existing law for sales tax on advertising services and, following committee discussion, to conceptualize the amendment to clarify current law and not expand any exemptions. (Attachment 11) Motion carried.

Not seeing any further amendments for the bill, the Chairman called for final action on HB-2626 as amended. Representative Roe moved, second by Representative Lowther, that HB-2626 as amended be reported favorably. Representative Crowell moved, second by Representative Shore, to table the bill. The motion to table failed. The original motion passed.

The minutes of the meeting of January 28, 1988 were approved.

There being no further business, the meeting was adjourned.

  
E. C. Rolfs, Chairman

## Proposed Amendment to HB 2626

## New Exemption

all sales of food products for use in preparing meals for consumption by indigent or homeless individuals at a place designated for such purpose

Proposed Amendment to HB 2626

New Exemption

"all sales of coupon books by any person other than a retailer who will provide the goods or services for which the coupons may be redeemed."

Proposed Amendment to HB 2626

New Exemption

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

0342 ascribed thereto by K.S.A. 75-1226 and amendments thereto;  
 0343 (ii) all sales of tangible personal property purchased in ac-  
 0344 cordance with vouchers issued pursuant to the federal special  
 0345 supplemental food program for women, infants and children;  
 0346 (jj) all sales of medical supplies and equipment purchased  
 0347 directly by a nonprofit skilled nursing home or nonprofit inter-  
 0348 mediate nursing care home, as defined by K.S.A. 39-923, and  
 0349 amendments thereto, for the purpose of providing medical ser-  
 0350 vices to residents thereof. This exemption shall not apply to  
 0351 tangible personal property customarily used for human habita-  
 0352 tion purposes;

0353 (kk) all sales of tangible personal property purchased directly  
 0354 by a nonprofit organization for nonsectarian comprehensive  
 0355 multidiscipline youth development programs and activities pro-  
 0356 vided or sponsored by such organization. This exemption shall  
 0357 not apply to tangible personal property customarily used for  
 0358 human habitation purposes; and

0359 (ll) all sales of tangible personal property or services, in-  
 0360 cluding the renting and leasing of tangible personal property,  
 0361 purchased directly on behalf of a community-based mental re-  
 0362 tardation facility or mental health center organized pursuant to  
 0363 K.S.A. 19-4001 *et seq.*, and amendments thereto, and licensed in  
 0364 accordance with the provisions of K.S.A. 75-3307b and amend-  
 0365 ments thereto. This exemption shall not apply to tangible per-  
 0366 sonal property customarily used for human habitation purposes;  
 0367 and

0368 (mm) *on and after January 1, 1989, all sales of machinery*  
 primarily 0369 ~~and equipment used directly and exclusively for the purposes of~~  
 0370 *manufacturing, assembling, processing, finishing, storing,*  
 0371 *warehousing or distributing articles of tangible personal prop-*  
 0372 *erty in this state intended for resale by a manufacturing or*  
 0373 *processing plant or facility or a storage, warehousing or dis-*  
 0374 *tribution facility.*

0375 (1) *For purposes of this subsection, machinery and equip-*  
 primarily 0376 ~~ment shall be deemed to be used directly and exclusively in the~~  
 0377 *manufacture, assemblage, processing, finishing, storing, ware-*  
 0378 *housing or distributing of tangible personal property where*

0379 such machinery and equipment is used solely during a man-  
0380 ufacturing, assembling, processing or finishing, storing ware-  
0381 housing or distributing operation:

0382 (A) To effect a direct and immediate physical change upon the  
0383 tangible personal property;

0384 (B) to guide or measure a direct and immediate physical  
0385 change upon such property where such function is an integral  
0386 and essential part of tuning, verifying or aligning the compo-  
0387 nent parts of such property;

0388 (C) to test or measure such property where such function is  
0389 an integral part of the production flow or function;

0390 (D) to transport, convey or handle such property during the  
0391 manufacturing, processing, storing, warehousing or distribu-  
0392 tion operation; or

0393 (E) to place such property in the container, package or  
0394 wrapping in which such property is normally sold or trans-  
0395 ported.

at the plant or facility

0396 (2) For purposes of this subsection "machinery and equip-  
0397 ment used directly and exclusively" shall include, but not be  
0398 limited to:

primarily

0399 (A) Mechanical machines or major components thereof con-  
0400 tributing to a manufacturing, assembling or finishing process;

0401 (B) molds and dies that determine the physical characteris-  
0402 tics of the finished product or its packaging material;

0403 (C) testing equipment to determine the quality of the fin-  
0404 ished product; and

0405 (D) computers and related peripheral equipment that di-  
0406 rectly control or measure the manufacturing process.

or which are utilized for engineering of the finished product; and

primarily 0407 (3) "Machinery and equipment used directly and exclu-  
0408 sively" shall not include:

(E) computers and related peripheral equipment utilized for research and development and product design.

0409 (A) Hand tools;

0410 (B) machinery, equipment and tools used in maintaining and  
0411 repairing any type of machinery and equipment;

0412 (C) transportation equipment not used solely in the man-  
0413 ufacturing, assembling, processing, furnishing, storing, ware-  
0414 housing or distributing process at the plant or facility;

0415 (D) office machines and equipment including computers

primarily ~~0416 and related peripheral equipment not directly and exclusively~~  
0417 used in controlling or measuring the manufacturing process;  
0418 (E) furniture and buildings; and  
0419 (F) machinery and equipment used in administrative, ac-  
0420 counting, sales or other such activities of the business.  
0421 Sec. 2. K.S.A. 1987 Supp. 79-3606 and 79-3642 are hereby  
0422 repealed.  
0423 Sec. 3. This act shall take effect and be in force from and  
0424 after its publication in the statute book.



**79-3642.** Refund of sales tax paid upon sale of certain machinery and equipment; limitations; procedure for claims. (a) The retailers' sales tax paid pursuant to the Kansas retailers' sales tax act on the sale of machinery and equipment purchased and used directly for the purposes of (1) manufacturing, fabricating, assembling, processing or finishing articles of commerce in this state by a manufacturing or processing plant or facility and (2) establishing or expanding such plant or facility physically or for the purpose of increasing the production capacity thereof shall be refunded as provided in this section.

(b) No refund shall be allowed under this section unless \$50,000 or more has been expended for the purchase of such machinery and equipment in any one calendar year and, due to such purchase, at least two new full-time production employee positions are established for each \$50,000 of expenditure claimed as a basis for refund. No credit for any new full-time production employee position shall be given unless such position is established and maintained after the date of purchase of the machinery and equipment and is in addition to the number of full-time production positions existing on such date. Employees hired seasonally shall not be deemed to be full-time production employees. No such refund shall be allowed for which a refund claim has been submitted pursuant to K.S.A. 79-3641, and amendments thereto.

(c) Each claim for refund of sales tax paid shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. No such claim for refund shall be submitted until one year subsequent to the hiring of two or more new full-time production employees required pursuant to subsection (b). The director shall review each claim and shall refund within 90 days after receipt of such claim that amount of sales tax paid as determined under the provisions of this section. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director.

(d) The provisions of this section shall expire on July 1, 1988:

January 1, 1989

**12-190.** Same; exempt sales; certification required of purchaser. All sales of farm machinery and equipment, repair and replacement parts therefor and services performed in the repair and maintenance of such machinery and equipment and all sales of ~~machinery and equipment for use in manufacturing plants located in the state of Kansas and used in the process of manufacturing personal property the sale of which will be subject to taxation under the Kansas retailers' sales tax act,~~ manufacturing as defined in K.S.A. 79-3606(mm), shall be exempt from taxes in any county in which the same were exempt on June 30, 1978, and taxes hereafter initiated by counties and class B cities under the provisions of this act. Each purchaser of farm machinery and each purchaser of manufacturing machinery and equipment exempted herein from the imposition of local sales taxes must certify in writing on the copy of the invoice or sales ticket to be retained by the seller that he or she is engaged in farming or ranching or manufacturing and that the farm machinery or manufacturing machinery and equipment will be used only in farming or ranching or manufacturing as the case may be.

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Computer software includes any canned or prewritten program which is held or existing for general or repeated sale, even if the program was originally developed for a single end user as custom computer software. Computer software does not include any custom computer program which is written or prepared exclusively for a single end user and includes those services represented by separately stated charges for the modification of existing prewritten programs when the modifications are written or prepared exclusively for a single end user. Modification to an existing prewritten program to meet a single end user's needs is custom computer programming only to the extent of the modification, and only to the extent that the actual amount charged for the modification is separately stated on invoices, statements and other billing documents provided to the end user.

For purposes of this subsection, the modification, alteration, updating and maintenance of computer software shall not include the modification, alteration, updating and maintenance of computer software intended for sale to a single end user. Any of the services enumerated herein which are required to be provided by contract shall be taxable whether or not the services are actually provided.

11 (t) a tax at the rate of 4% upon the gross receipts from mobile phone services, cellular phone services, beeper services, and other similar services.

Proposed amendment to HB 2626

New Exemption

"all sales of seeds (and tree seedlings); fertilizers, insecticides, herbicides, germicides, pesticides and fungicides; and services, purchased and used for the purpose of producing plants in order to prevent soil erosion on land devoted to agricultural use which is subject to the federal conservation reserve program."

"New Sec.\_\_(a) The retailer's sales tax paid pursuant to the Kansas retailers' sales tax act on the sale of seeds and tree seedlings; fertilizers, insecticides, herbicides, germicides, pesticides and fungicides; and services, purchased and used for the purpose of producing plants in order to prevent soil erosion on land devoted to agricultural use which is subject to the federal conservation reserve program shall be refunded as provided in this section.

(b) Each claim for refund of sales tax paid shall be verified and submitted to the director of taxation within 180 days after the effective date of this act upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund within 90 days after receipt of such claim that amount of sales tax paid as determined pursuant to this section. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director."

Attachment 6

## Proposed Amendment to HB 2626

## New Exemption - addition to existing exemption

"(2) on and after January 1, 1989, all sales of farm machinery and equipment, repair and replacement parts therefor and services performed in the repair and maintenance of such machinery and equipment. For the purposes of this subsection, "farm machinery and equipment" shall not include any passenger vehicle, truck, truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as such terms are defined by K.S.A. 8-126, and amendments thereto. Each purchase of farm machinery and equipment exempted herein must certify in writing on the copy of the invoice or sales ticket to be retained by the seller that such purchaser is engaged in farming or ranching and that the farm machinery and equipment purchased will be used only in farming or ranching. For the purposes of this subsection, "farming or ranching" shall include the operation of a feedlot"



Thank you for hearing our concerns and we would be most happy to provide any additional information you might desire.

In summary, we in USD 259 believe the sales tax laws as they now stand and are interpreted need to be reviewed as to how they apply to school districts in Kansas. Should one taxing agency tax another taxing agency?

We would like to recommend that KSA 79-3606 (h) be amended from:

"all rentals of nonsectarian textbooks by public or private elementary or secondary schools;"

to read as follows:

"all sales or rentals of non-sectarian textbooks, uniforms, instruments, activity tickets, or materials used for education purposes by public or private elementary or secondary schools;"

650

Potter

p. 5  
HB 2663  
(h)



~~(m)~~ (n) All sales of tangible personal property ~~or services~~ which ~~are~~ is consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property ~~or services~~ may obtain from the director of revenue and furnish to his supplier an exemption certificate number for tangible personal property ~~or services~~ for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, irrigation and in providing such services;

~~(n)~~ (o) All sales of animals, fowl and fish, the primary purpose of which is use in agriculture, the production of food for human consumption, the production of animal, dairy, poultry or fish products, fiber or fur, or the production of offspring for use for any such purpose or purposes;

(p) Trade fixtures and equipment which is already installed and second-hand when sold by a person ceasing to do business where said fixtures or equipment is installed;

Sec. 4. K. S. A. 1970 Supp. 79-3602 and 79-3603 and K. S. A. 1970 Supp. 79-3606, as amended by section 1 of 1971 Senate bill No. 398, are hereby repealed.

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

Approved April 16, 1971.

## CHAPTER 322

### Senate Bill No. 23

AN ACT relating to certain taxing subdivisions of the state; authorizing the levy of taxes by certain taxing subdivisions; prescribing a limitation upon the levy of taxes upon tangible property and providing for the suspension and adjustment of such limitation; prescribing a limitation upon expenditures for operating expenses and providing for the suspension and adjustment of such limitations; regulating the budgeting of expenditures by certain school districts; concerning the power and authority of the state board of tax appeals relating to the levy of taxes, the suspension or adjustment of such limitation and the budgeting and expenditure of funds by taxing subdivisions; providing for the adoption of local earnings and retailers' sales taxes; regulating the issuance of no-fund warrants; regulating the calling and holding of elections; amending K. S. A. 1970 Supp. 79-4403, 79-4408, 79-4409, 79-4410, 79-4411, 79-4412, 79-4413, 79-4415, 79-4418, 79-4419, 79-4421, 79-4422, 79-4424 and 79-4427 and repealing the existing sections.

It enacted by the Legislature of the State of Kansas:

Section 1. K. S. A. 1970 Supp. 79-4403 is hereby amended to read as follows: 79-4403. Except as otherwise hereinafter provided, no taxing subdivision shall during the base year or thereafter certify to the county clerk of any county, any tax levies upon tangible property, excluding taxes levied as special assessments and excluding levies specified in section 8 of this act K. S. A.

1970 Supp. 79-4408 and amendments thereto, which in the aggregate will produce an amount in excess of the amount which was levied by such taxing subdivision for the base year, excluding taxes levied as special assessments and excluding levies specified in section 8 of this act K. S. A. 1970 Supp. 79-4408 and amendments thereto, except where any community junior college district opened classes for the first time in the 1969-70 school year, the limitation imposed on property tax levies by this section shall be imposed on the amount which could have been levied in the base year under the district's maximum lawful levy or levies: *Provided*, That the state board of tax appeals is hereby empowered to authorize a community junior college district to levy additional ad valorem taxes upon a finding by the board that the construction of new or additional facilities by said district necessitates ad valorem tax levies in excess of the amount prescribed herein in order to finance the operations of said facilities, and such additional ad valorem taxes so authorized shall be in an amount the state board of tax appeals determines is necessary to finance the operations of such new or additional facilities. *For the purpose of computing the aggregate tax levy limitation of a school district under this act, there shall be included any amount levied for the base year for the purpose of paying principal and interest on bonds issued under any special building fund statute or capital outlay fund statute.* Whenever any taxing subdivision shall certify aggregate tangible property tax levies in excess of that permitted under the provisions of this act, the county clerk shall forthwith adjust the aggregate amount of such levies to the maximum levy authorized under the provisions of this act and send notification of the same to the taxing subdivision certifying the same. It is the intent of this act to prescribe a limitation upon the aggregate amount which may be levied with certain exceptions upon tangible property by each of the several taxing subdivisions of the state and not to prescribe a limitation upon the amount produced by each of the several levies imposed by such taxing subdivisions for its various tax supported funds. It shall be the duty of the governing body of each taxing subdivision to adjust legally authorized levies for separate funds or functions of the taxing subdivision within the aggregate limitation imposed under the provisions of this act.

Whenever one or more county clerks shall disagree with the governing body of a taxing subdivision concerning the maximum amount of the aggregate tangible property tax levies permitted under this act for such taxing subdivision, the disagreement may be submitted to the state board of tax appeals by any such county clerk or by the governing body of such taxing subdivision, and the disagreement shall thereupon be promptly and conclusively determined by the state board of tax appeals.

All existing statutory debt limitations which are computed on the basis of a percentage of assessed valuation are hereby suspended

THE STATE OF KANSAS



*Harold Kelley*

DEPARTMENT OF REVENUE  
STATE OFFICE BUILDING • TOPEKA 66612

September 11, 1970

Mr. H. B. Blachly  
City Clerk  
Municipal Building  
Pratt, Kansas 67124

C

Dear Mr. Blachly:

O

This is in reply to your letter of July 30, 1970. Please excuse the delay in answering your letter. This delay has been caused by the great number of inquiries received on the application of the new sales tax law to various sales.

P

This is to advise you that water and electricity actually consumed by a hotel or motel in the providing of services to its guests are not subject to sales tax. This would include such utilities used in the portion of the hotel or motel directly utilized by the guests such as the halls, lobby and rooms.

Y

The amount used, for instance, in the manager's office, other offices and apartments or rooms furnished for personnel is subject to sales tax. Electricity supplied to a restaurant for use in cooking is exempt. Electricity for lighting purposes or temperature control purposes for a restaurant is not exempt.

A percentile for the exempt portion of such utilities should be determined according to the guidelines set forth in this letter.

Please advise this office if I can be of further service to you in this or any other matter.

Sincerely yours,

James T. McDonald  
Director of Revenue

JTMCD:RLD:vlm



(l) Sales of fertilizer to persons purchasing the material for agricultural purposes;

(m) All rentals of transcription libraries, record and tape services, syndicated movies, syndicated film and tape programs and similar program services used by radio and television stations;

(n) (j) Any automobile or truck motor vehicle or aircraft sold and delivered in this state to a bona fide resident of another state, which automobile or truck motor vehicle or aircraft is not to be registered or based in this state and which vehicle or aircraft will not remain in this state more than ten (10) days;

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

(l) All sales of tangible personal property which become an ingredient or component part of tangible personal property or services produced, manufactured or compounded for ultimate sale at retail within or without the state of Kansas; and any such producer, manufacturer or compounder may obtain from the director of revenue and furnish to his supplier an exemption certificate number for tangible personal property for use as an ingredient or component part of the property or services produced, manufactured or compounded;

(m) All sales of tangible personal property or services which are consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property or services may obtain from the director of revenue and furnish to his supplier an exemption certificate number for tangible personal property or services for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, irrigation and in providing such services;

(n) All sales of animals, fowl and fish, the primary purpose of which is use in agriculture, the production of food for human consumption, the production of animal, dairy, poultry or fish products, fiber or fur, or the production of offspring for use for any such purpose or purposes.

Sec. 5. K. S. A. 79-2959 is hereby amended to read as follows: 79-2959. On September 15 of each year, beginning September 15, 1965, and on April 10 of each year beginning April 10, 1966 1970, the state controller shall transfer the sum of six million two hundred fifty thousand dollars (\$6,250,000) a sum equal to ten percent (10%) of the total retail sales and compensating taxes deposited in the state treasury pursuant to articles 36 and 37 of chapter 79 of the Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto, during the immediate preceding six (6) months period from January 1 to June 30, inclusive, from

the state general revenue fund which; and on April 1 1971, the state controller shall transfer (10%) of the total retail sales: the state treasury pursuant to Kansas Statutes Annotated a mental thereto, during the period from July 1 to Deceml tax reduction fund; and the the amounts so transferred t state as provided for in sect:

Sec. 6. K. S. A. 79-2959, is hereby repealed.

Sec. 7. This act shall take its publication in the statute b

Approved March 20, 1970.

CH

Substitute f

AN ACT relating to taxation; conce personal property and exempti 79-3109, 79-3111, 79-3112, 79- the existing sections and also reg

Be it enacted by the Legislat:

Section 1. K. S. A. 79-3109 79-3109. Money Moneys, not fined in section K. S. A. 79-3 plement of 1957 or acts ame. classified for taxation purposes as follows:

(a) The holder thereof, other evidence of debt at any shall, as of January 1 of the c equivalent to three percent (3) received by him from such mon during the next last precedin December 31; or

(b) at the option of sai mills on the dollar of act 1, of the current year; and l evidences of debt shall be ex valorem taxation: Provided, real estate, which mortgages l the registration fee or tax the law, shall be exempt from tax That debts shall not be subjec

## Proposed Amendment to HB 2626

all sales of food or food products by members of a nonsectarian comprehensive multidiscipline youth development organization which is not subject to federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986.

PROPOSED AMENDMENTS TO

HB 2626 and 2650

Insert a new section to HB 2650 as follows:

Notwithstanding any other provision of law to the contrary, no state sales or use tax nor any such tax levied by a political subdivision of the state shall be levied on any service rendered by an advertising agency, or a licensed broadcaster, or any member, agent or employee thereof to any client, including but not limited to any service rendered in the creation or production of advertising or promotional materials embodied in the form of film, tape, negative, video, or other media.

Delete the phrase "license to use", line 40, page 1, HB 2626.