

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 2, 2006 in Room 519-S of the Capitol.

All members were present except:
Representative Lana Gordon- excused

Committee staff present:
Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Richard Cram, Department of Revenue
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
Senator Barbara Allen
Dr. Roy Jensen, Director, KS Masonic Cancer Research Institute, KU Medical Center
Randy Mettner, Adjutant General's Office
LTC Doug Jacobs
Captain Julie Burns

Others attending:
See attached list.

SB 384 - Checkoff: Kansas Military Emergency Relief; Breast Cancer Research

Chris Courtwright briefed the Committee and said the bill, as amended, would require two new checkoffs be placed on the Kansas individual income tax form beginning in tax year 2006. Checkoffs are voluntary contributions that may be made on income tax forms. One checkoff would be for Kansas military emergency relief and the second would be for funding breast cancer research at the University of Kansas Cancer Center. The fiscal note for administrative costs would be \$160,000.

The Chairman opened the public hearing on **SB 384.**

Senator Barbara Allen provided more details a the status of checkoff programs throughout the country. Currently, eleven states have implemented breast cancer checkoffs, with checkoff legislation pending in many other states. Breast cancer is the most frequently diagnosed cancer and the second leading cause of cancer death among women in Kansas. She provided the rationale behind the choice of the University of Kansas to administer the program and explained the importance of the National Cancer Institute (NCI) designation.

She spoke about her experiences when she was diagnosed with cancer and underwent treatment at the Dana Farber Cancer Institute in Boston, MA. She said that women in Kansas should not have to travel out-of-state to obtain the highest standard of care for treatment of breast cancer and she urged passage of SB 384 (Attachment 1).

Dr. Roy Jensen, Director, KS Masonic Cancer Research Institute, KU Medical Center, said that the University of Kansas is engaged in an initiative to bring world-class cancer care to the Heartland. His testimony included a legislative briefing book which outlined their efforts. He delineated the need for significant additional resources, and the funding sources they hoped to engage. He commended Senator Allen for her courage in sharing her personal story and her proposal to add breast cancer research to the Kansas Income Tax Form checkoff list (Attachment 2).

Representative Carlin, voiced her concern that dollars were being sent exclusively to the KS Masonic Cancer Research Institute at KU Medical center in Kansas City. She referred to correspondence she had received from a medical doctor in Manhattan, who had treated her for cancer. She asked Dr. Jensen, whether he had visited with the people at KSU regarding this research program and the checkoff program. He responded that he had been to Manhattan to see Dr. Rob Denell, twice and Dr. Denell had visited him in Kansas City several times. She questioned

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 2, 2006 in Room 519-S of the Capitol.

whether the KSU Cancer Research Center would eventually benefit from the checkoff program. He answered that the cancer center at KSU was concerned with basic aspects of cancer research. Many of the principle investigators study a group of genes that are important in patterning and development, which promises to demonstrate a lot of fundamental aspects of many facets of cancer. However, he believed that Senator Allen's intent for the checkoff funds was to be designated for clinically focused efforts that had a greater direct impact on patients that are diagnosed with breast cancer in Kansas. They plan to continue to work with Dr. Denell and staff at KSU, however the checkoff is currently designed to be more focused on clinical and translational research, which is not part of the KSU mission.

Discussion followed regarding: 1) Location of current comprehensive cancer centers; 2) Rural availability of cancer trials; 3) Perimeters for qualifications of trials; 4) Exclusivity of KU Medical Center for research dollars; and 5) Projected revenue from checkoff program.

Testimony prepared by Major General Tod Bunting was distributed (Attachment 3). Randy Mettner, from the Adjutant General's Office spoke to the Committee. He described how the current Military Emergency Relief Fund is used and said that in the last two years they had assisted 58 members and families before the soldiers' deployment. **SB 384** would give a new source for funding and will allow the citizens of Kansas to show their support to the military. LTC Doug Jacobs and Captain Julie Burns answered Committee questions.

The Chairman closed the public hearing on **SB 384**.

Representative Siegfroid presented a summary from the Sub-Committee.

Local Sales Tax Uniformity Proposal.

- It affects only city sales tax authority, leaving as *status quo* county sales authority. See Sections 1 and 2.
- Any city sales tax adopted by claim of home rule authority prior to July 1, 2006 will be "grandfathered." See Section 1 (d).
- Cities are reduced from four classes (A through D) into essentially one class and all are provided authority to levy sales and use taxes of up to 2% for general purposes and up to 1% for special purposes (in increments of .05%), for total authority not to exceed 3%. Special purpose sales taxes must expire after 10 years.

Representative Siegfroid made a motion that the Uniformity Sub-Committee report be accepted. Representative Owens seconded. The motion carried.

The Chairman distributed copies of an March 1, 2006 article posted on America Online regarding oil exports from Venezuela (Attachment 4). He assigned the following representatives to serve on the Special Joint Utility/Tax Energy Sub-Committee: Chair Carlson, Representatives George and Menghini. The Chairman said that due to previous obligations Representative George could not serve on the Energy Sub-committee and he appointed Representative Goico to replace him. He explained that the sub-committee will study and review the bills and return to the Committee with recommendations. If action is taken, and the bill passed out of the Committee, it will pass to the Utility Committee for their consideration.

HB 2601 - An act concerning sales taxation; relating to sales tax exemptions for certain sales of clothing, personal computers and school supplies.

The Chairman reminded the Committee that upon adjournment of the February 21, 2006 meeting they were on the Kirk motion. Representative Kirk's motion would amend into **HB 2601**, a balloon from the Department of Revenue, that would bring the bill into conformity with the Streamlined Sales and Use Tax Agreement. He read the list of Committee members with pending questions. The list included Representatives Siegfroid, Carlson, O'Malley and Kelly. A copy of the balloon was

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distributed (Attachment 5).

Discussion followed regarding the ramifications of not passing an amendment that would place the bill in compliance with the Streamlined Sales and Use Tax Agreement. The projected cost to the state would be \$12 million.

Representative Peck said that the definitions listed in the amendment went far beyond the intent of his bill. Therefore he made a substitute motion to pass the bill out favorably, as amended. Representative Brunk seconded the motion.

After continued discussion, Representative Peck closed his motion. The motion failed 9-12. Representative Brown requested his yes vote be recorded.

Representative Kirk closed her motion to amend the sales and use tax balloon into the bill. The motion passed.

Representative Dillmore moved that **HB 2601**, as amended, be passed out favorably for passage. Representative Thull seconded. The motion failed and the bill remains in the Committee.

The Chairman noted the Taxation Committee members that are currently serving on Sub-Committees:

- Energy Issues: Representatives Carlson, Goico, and Menghini
- Excise Tax on Sexually Explicit Businesses -Representatives Kinzer, Kelley, and Thull
- Uniformity Issues - Representative Siegfried, Thull and Owens

The meeting adjourned at 10:45 A.M. The next meeting is March 3, 2006 at 10:00 A.M.

HOUSE TAXATION COMMITTEE GUEST LIST

DATE: March 2, 2006

NAME	REPRESENTING
Randy Mettwer	The Adjutant General
LTC Doug Jacobs	The Adjutant General's Dept
Estelle Montgomery	Hein Law Firm
Michael Smith	Kansas Association of Counties

BARBARA P. ALLEN
SENATOR, EIGHTH DISTRICT
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STATE CAPITOL, ROOM 122-E
TOPEKA, KANSAS 66612-1504
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TOPEKA
SENATE CHAMBER

COMMITTEE ASSIGNMENTS
CHAIR: ASSESSMENT AND TAXATION
MEMBER: EDUCATION
JUDICIARY

March 2, 2006

Re: SB 384 - Income Tax Checkoff for Kansas Military Emergency Relief and for Breast Cancer Research

Mr. Chairman:

SB 384, as amended, which passed the Senate 39-0, would require two new checkoffs be placed on the Kansas individual income tax form beginning in tax year 2006. One such checkoff would be for Kansas military emergency relief, and all moneys that taxpayers contribute for this purpose would be used for helping military families defray the costs of food, housing, utilities and medical services incurred when a member is on active military duty; or more generally, for other services associated with support of Kansas military personnel and their families.

The second checkoff would be for funding breast cancer research at the University of Kansas Cancer Center. All moneys deposited in such Fund shall be used by the University of Kansas Cancer Center (KUCC) to conduct research relating to the prevention, treatment and cure of breast cancer. Moneys contributed for this purpose could not be used for the funding of administrative personnel or positions and would be deemed to be supplemental to any other funding otherwise appropriated to the cancer center. The center would be required to report annually to various standing committees on the use of the checkoff funds for breast cancer research.

Income tax checkoffs are voluntary contributions that may be made on income tax forms. A taxpayer "checks off" on the state personal income tax form, in addition to his/her liability, or designates from his/her refund, a contribution to the chosen cause. Kansas currently has checkoffs for nongame wildlife improvement and senior citizens' meals on wheels programs.

House Taxation
3-2-06
Attachment 1

Checkoff programs have ballooned in scope and popularity over the last decade. Today, 220 checkoff funds in 41 states help finance 80 different causes. Income tax checkoffs raised \$27.3 million in the year 2000. The average taxpayer who checks off gives \$10. Studies show the average participation rate of eligible taxpayers is between 2-5%.

Currently, 11 states have implemented breast cancer checkoffs. Breast cancer checkoff legislation is pending in many other states. You might ask why this check off is targeted specifically to breast cancer. The reason is simple. Breast Cancer is the most frequently diagnosed cancer among women in Kansas, and it is the second leading cause of cancer death among women in Kansas. In the next year, more than 2000 new breast cancer cases will be diagnosed in Kansas, and approximately 400 women will die. In addition, raising funds for breast cancer research is just a popular cause!

While the statistics are stark reminders of the magnitude of the impact of breast cancer, they fail to represent the real cost of cancer. The real cost includes the mothers and wives stolen from their children and husbands, and the family, friends and neighbors who are no longer with us. Behind each breast cancer statistic is a woman – a woman we have to remember as we wage the battle against this devastating disease.

SB 384 calls for the Kansas Breast Cancer Research Fund to be administered by the University of Kansas Cancer Center. Why the KUCC? The answer is because the University of Kansas Medical Center is the only academic medical center in Kansas. And the KUCC is the umbrella organization driving the cancer partnership between the University of Kansas, its Medical Center campuses in Kansas City and Wichita, the Kansas Masonic Cancer Research Institute, the Stowers Institute for Medical Research, the University of Kansas Hospital, and the developing Midwest Cancer Alliance (MCA), a key component of

the KUCC's plan for enhancing care in the Heartland region. (See chart.)

The MCA will offer professional education opportunities, advanced screening and prevention protocols, and support the delivery of comprehensive cancer care in rural communities. A core value of the MCA is to help community oncologists provide more comprehensive cancer care locally to improve cancer survival rates and reduce travel time and costs for cancer patients. The MCA will allow access to second opinions and multidisciplinary oncology teams via telehealth and the opportunity to participate in clinical trials.

The KUCC has already recruited Dr. Roy Jensen, a Kansas-born top-flight breast cancer researcher, to lead the KUCC's efforts. You will hear personally from Dr. Jensen in a moment. He will tell you the KUCC plans to achieve National Cancer Institute (NCI) designation as a Comprehensive Cancer Center by 2015. NCI designation will place the KUCC among a premier group of 61 U.S. cancer centers.

NCI designation is a "good housekeeping" seal of approval indicating that an academic cancer center has achieved the highest standards in cancer research and care. It also increases access to cutting edge clinical trials and special grant funding mechanisms to both the cancer center and its affiliated partners. In addition, having NCI designation increases a cancer center and its' partners ability to recruit world-class researchers and physicians. Cancer patients seek out the level of care offered by a Comprehensive Cancer Center like MD Anderson in Houston, TX and the Mayo Clinic in Rochester, MN.

It is no secret breast cancer has touched my life personally. When diagnosed in March of 2005, I was told by a radiation oncologist who practiced at St. Luke's hospital in Kansas City for 20 years, "the Standard of Care for treating breast cancer is different in Kansas City than in places like the Dana Farber Cancer Institute in Boston, MA.

Especially for persons such as yourself, considered to be 'high risk'." He recommended seeking a second opinion out of state.

Literally fearing for my life, and knowing my "first shot was my best shot" at beating this horrible disease, my family made the decision to seek a second opinion and treatment in Boston, rather than in Kansas City. It delayed the start of treatment which was very scary, was expensive in terms of travel, and was inconvenient, as the chemotherapy drugs had to be infused in Boston every three weeks. I began to dread every trip, knowing I would be nauseous on the return flight, and wishing I could have participated in the same clinical trial in Kansas City.

Today, I know the decision to seek treatment in Boston was the correct one, because it may have saved my life. I came to learn my type of breast cancer does not typically respond as well to chemotherapy as do other types of breast cancer, because it is not hormone sensitive. At the Dana Farber Cancer Institute, I was able to enroll in a clinical trial that would not have been available to me in Kansas City. The drug I received is not today considered "Standard Therapy" for breast cancer treatment.

After surgery, following 4 rounds of chemotherapy, the pathologist determined I had a "Complete Pathological Response", a response that occurs in only 10-20% of all patients who have neoadjuvant therapy. Did the trial drug make the difference? We'll never know for sure. But I can live with my diagnosis knowing we did everything we could have possibly done to get a cure. Every woman in the Heartland deserves that same opportunity.

In a larger sense, I was able to contribute to the greater good by participating in a cutting edge clinical trial, the results of which may lead to improved survival rates for all women diagnosed with this same type of breast cancer.

Women in Kansas should not have to travel to Texas, or Minnesota, or Massachusetts to obtain the highest standard of care for treatment of breast cancer. We deserve to receive the best cancer care available right here in the Midwest, at home with our family and friends to support us. We have the opportunity to receive that care in the future with the development of the University of Kansas Cancer Center.

Please support the passage of SB 384, which will allow individual Kansans the opportunity to contribute to a Fund that will allow the state of Kansas to take research relating to the prevention, treatment and cure of breast cancer to the next level.

A handwritten signature in black ink that reads "Barbara P. Allen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Barbara P. Allen
Senator, District 8

TCS 2-19-06

BREAST CANCER

"Sometimes the best legislation comes out of personal stories."

SEN. BARBARA ALLEN, an Overland Park Republican

LIVING PROOF



ANTHONY S. BUSH/THE CAPITAL JOURNAL

Sen. Barbara Allen, R-Overland Park, is using life experience to shape legislation at the Statehouse. Allen has introduced a bill to put a breast cancer check-off on income tax filings to help fund a state cancer center.

Planned tax check-off would benefit KU research

By Tim Carpenter
THE CAPITAL-JOURNAL

Cancer.

The word evokes an unease few nouns can match. Instinctively, there is a desire to change the subject. Best to hold possibilities at a distance. Keep it abstract. But when a physician links that weighty word to a simple pronoun — you — the full force of this potential killer can't be avoided.

Barbara Allen, a 45-year-old state senator from Overland Park, is among the Kansans who know the reality of cancer.

A doctor informed her in March 2005 that she had a "high risk" breast cancer and urged her to seek treatment not available in Kansas.

Allen enrolled in a clinical trial at Dana-Farber Cancer Institute in Boston, commuting back and forth to obtain experimental medication. Following 12 rounds of chemotherapy, 33 radiation treatments and surgery, doctors can no longer detect cancer in Allen.

Back at work in the Statehouse, she is author of a bill that could help make the latest in breast cancer treatment available at The University of Kansas Medical Center in Kansas City, Kan.

"Sometimes the best legislation comes out of personal stories," she said. "That's exactly what happened to me."

Please see **CANCER**, Page 9A

Cancer: Check-offs common

Continued from Page 1A

Tax check-off

Allen's bill, passed unanimously this past week by the Senate, creates the Kansas Breast Cancer Research Fund through a new check-off on state individual income tax forms beginning in the 2006 tax year. While there is a cost to the state for modification of the tax forms, individual contributions to the fund wouldn't diminish state tax revenue.

"It's a voluntary contribution," said Allen, a Republican. "The taxpayer can either choose to add to their liability or subtract it from their refund."

A second check-off contained in Senate Bill 384 would set up the Kansas Military Emergency Relief Fund. This would allow Kansans to make gifts to an aid program — food, housing, utilities, medical services — for needy Kansas military personnel and their families.

Allen said she was uncertain how much money the check-offs would generate, but existing Kansas check-offs that benefit non-game wildlife and the Meals on Wheels program for seniors have taken in \$3.4 million since 1988.

Generally, no more than 5 percent of taxpayers participate in check-off programs. They typically donate \$10 each, Allen said.

Forty-one states have tax check-off initiatives. They raise \$27 million annually for 80 different causes. Eleven states have implemented specific check-offs associated with breast cancer, Allen said.

Domino effect

In Kansas, the most frequently diagnosed cancer among women is breast cancer. It is the second-leading cause of cancer deaths among the state's female residents. In the next year, at least 2,000 new cases will be documented in the state, Allen said in testimony to a Kansas Senate panel. The disease will take the life of another 400 Kansas women.

"Behind every one of those statistics are a patient and their family," said Dr. Roy Jensen, director of the cancer center at the KU medical center.

Jensen said the tax return check-off would be a convenient way for Kansans to support research on the prevention, treatment and cure of breast cancer at the state's only academic medical center. It also would nourish a broader goal of attaching a National Cancer Institute designation to the university's cancer center. An NCI designation, held by such institutions as the M.D. Anderson Cancer Center in Houston and Mayo Clinic in Rochester, Minn., is a "good housekeeping" seal indicating a facility maintains the highest standards in research and care.

More to the point, the doctor said, successful completion of the 10-year NCI designation process would bring to Kansas the kind of clinical trials Allen traveled to Boston to obtain. People in this area could be part of a medical crucible from which new approaches to therapy emerge and new hope is given to the sick, he said.

"Kansans should not be required to travel hundreds of miles to access the best treatments for cancer," Jensen said.

Personal touch

Allen was convinced her first attempt at defeating breast cancer would be her best opportunity. That prompted her to accept the risk of the Dana-Farber drug trial. The medication she received still isn't considered "standard therapy" for breast cancer treatment.

"Today, I know the decision to seek treatment in Boston was the correct one because it may have saved my life," she said.

Aside from personal health benefits, Allen feels good about having a role in a drug trial that may contribute to the greater good by improving survival rates for people diagnosed with breast cancer.

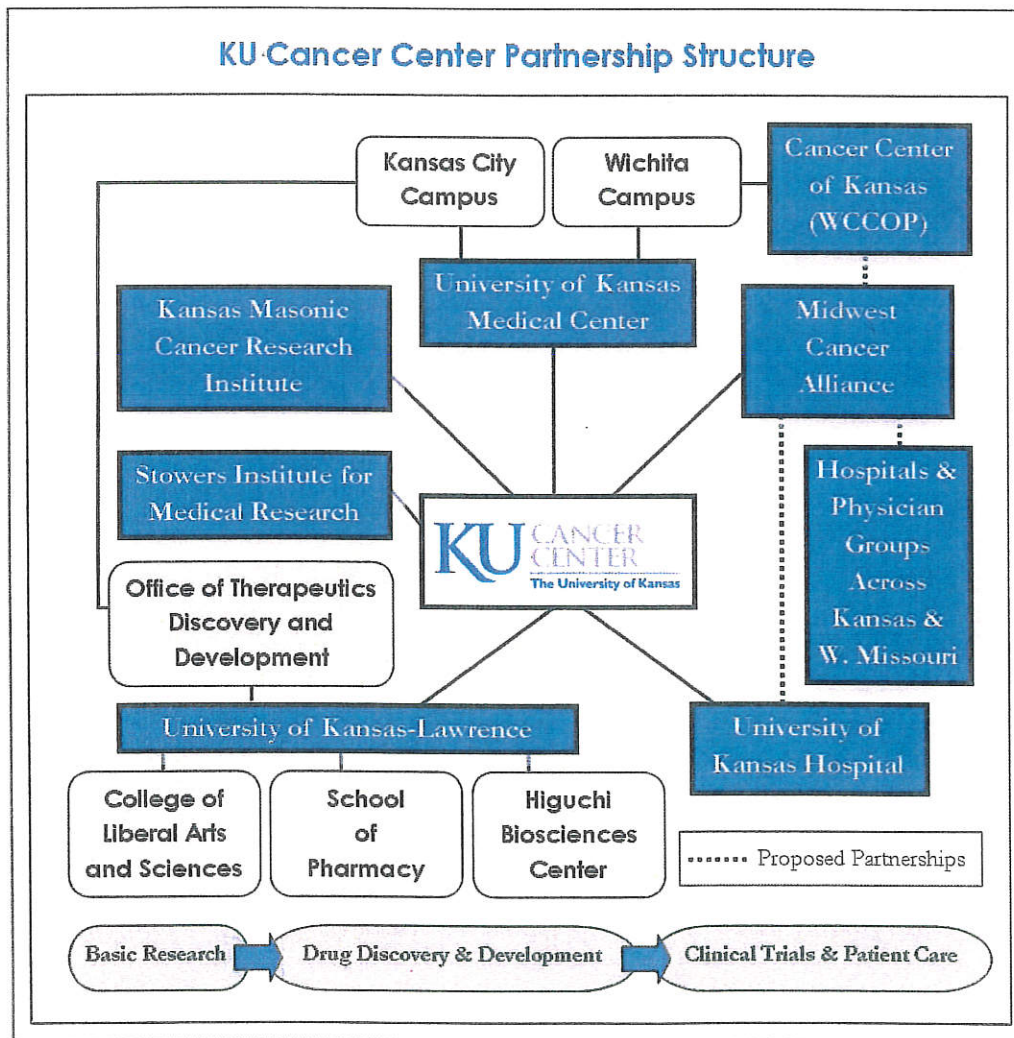
But she is committed to bringing that same opportunity to other women in the nation's Heartland.

"It's not about me," Allen said. "Women in Kansas should not have to travel to Texas or Minnesota or Boston to obtain the highest standard of care. We deserve to receive the best cancer care available right here in the Midwest, at home with our family and friends to support us."

Tim Carpenter can be reached at (785) 296-3005 or tim.carpenter@cjonline.com.

What Is the University of Kansas Cancer Center?

Excellence in cancer research, education and patient care are top priorities for the University of Kansas (KU) and its Medical Center. Today, that commitment is embodied in the University of Kansas Cancer Center (KUCC) — the umbrella organization driving the cancer partnership between the University of Kansas, its Medical Center campuses in Kansas City and Wichita, the Kansas Masonic Cancer Research Institute, the Stowers Institute for Medical Research, the University of Kansas Hospital and the developing Midwest Cancer Alliance. Achieving status as one of the National Cancer Institute’s (NCI) Designated Comprehensive Cancer Centers will be a strong indicator that the KUCC’s broad-based, comprehensive cancer network is delivering on its potential to be a premier research, treatment and education partnership benefiting the entire region.



Kansas Department of Revenue
Checkoff Donations Since 1988

Process Year	Dollars Donated				Number of Taxpayers Making Donations				Average Donation per Taxpayer			
	Meals on Wheels	Non Game Wildlife	WWII	Total	Meals on Wheels	Non Game Wildlife	WWII	Total	Meals on Wheels	Non Game Wildlife	WWII	Total
2005	\$202,101	\$141,794		\$343,895	13,274	11,972		25,246	\$15.23	\$11.84		\$13.62
2004	\$186,676	\$144,094		\$330,771	12,811	12,197		25,008	\$14.57	\$11.81		\$13.23
2003	\$168,855	\$149,759		\$318,615	12,809	13,108		25,917	\$13.18	\$11.43		\$12.29
2002		\$141,975	\$114,001	\$255,976		13,363	11,189	24,552		\$10.62	\$10.19	\$10.43
2001		\$119,778	\$82,930	\$202,708		11,318	8,139	19,457		\$10.58	\$10.19	\$10.42
2000		\$118,692		\$118,692		11,277		11,277		\$10.53		\$10.53
1999		\$135,681		\$135,681		12,876		12,876		\$10.54		\$10.54
1998		\$141,475		\$141,475		13,647		13,647		\$10.37		\$10.37
1997		\$147,173		\$147,173		18,028		18,028		\$8.16		\$8.16
1996		\$189,763		\$189,763		13,131		13,131		\$14.45		\$14.45
1995		\$168,689		\$168,689		18,866		18,866		\$8.94		\$8.94
1994		\$158,784		\$158,784		17,784		17,784		\$8.93		\$8.93
1993		\$142,210		\$142,210		17,601		17,601		\$8.08		\$8.08
1992		\$155,641		\$155,641		19,670		19,670		\$7.91		\$7.91
1991		\$152,885		\$152,885		19,485		19,485		\$7.85		\$7.85
1990		\$153,310		\$153,310		20,747		20,747		\$7.39		\$7.39
1989		\$179,418		\$179,418		22,620		22,620		\$7.93		\$7.93
1988		\$157,114		\$157,114		21,112		21,112		\$7.44		\$7.44
Total	\$557,632	\$2,698,234	\$196,931	\$3,452,798	38,894	288,802	19,328	347,024	\$14.34	\$9.34	\$10.19	\$9.95

**Why limit cancer checkoff to Breast Cancer?
A good question with a good answer!**

1. Breast Cancer is the most frequently diagnosed cancer among women in Kansas, and it is the second leading cause of cancer death among women in Kansas.
2. In the next year, more than 2000 new breast cancer cases will be diagnosed in Kansas, and approximately 400 women will die.
3. Breast Cancer is a very popular cause. Women in particular are passionate about this issue.
4. The popularity and passion surrounding Breast Cancer would likely lead to higher voluntary donations, thus generating a larger volume of overall research dollars. Taxpayers would voluntarily choose to donate to Breast Cancer research.
5. Dollars that would be generated through the checkoff for Breast Cancer research would mean existing cancer research dollars can go to other areas of cancer research. This legislation would allow there to be more total \$'s available for cancer research, thus increasing the overall pie of \$'s for cancer research.
6. Let's try it for a few years. If there is big interest in the Breast Cancer checkoff, we can revisit the issue.
7. Kansas has two very high-profile, nationally known Breast Cancer medical oncologists/pathologists in Kansas. Dr. Carol Fabian and Dr. Roy Jensen.

**Testimony Before the House Committee on Taxation
In Support of Senate Bill 384 Creating the Kansas Breast Cancer Research Fund**

March 2, 2006

Mr. Chairman and Members of the Committee:

My name is Roy Jensen and it is my privilege to serve as the Director of the Kansas Masonic Cancer Research Institute at the University of Kansas Medical Center. I appear today in support of Senator Allen's proposal designed to allow Kansans a convenient way to support breast cancer research here in the State of Kansas. First, let me say I applaud Senator Allen's courage in sharing her personal story of diagnosis and treatment with you. I am hopeful that the awareness she raises by sharing her story will help save lives.

Senator Allen is right. Kansans should not be required to travel hundreds of miles to access the best treatments for cancer.

That is why at the University of Kansas we are engaged in an initiative to bring world-class cancer care to the Heartland. This effort is outlined in our legislative briefing book which I have distributed to you with this testimony. Our Chancellor, Robert Hemenway, has declared this effort to be our university's top priority. And, with that in mind we have been working hard to design and build the cancer center Kansans deserve.

If our quest to achieve National Cancer Institute designation for our cancer center is to be successful we will need significant additional resources. The Governor's budget for the next fiscal year includes a \$5 million appropriation which, if approved, will provide some of the resources we will need to recruit top talent to crucial leadership posts within the center and to attract the best cancer doctors, scientists and researchers to our center. This annual appropriation is the single most important step this legislature can take in support of the fight against cancer in Kansas. I hope I can count on your support for this appropriation.

In addition to state appropriations we will aggressively be seeking support from federal government sources and investments from private donors. The Greater Kansas City Community Foundation's recent Blue Ribbon Task Force recommendations included a strong vote of confidence for our cancer center and encouraged the Kansas City region get behind our efforts. Obtaining National Cancer Institute designation is no easy task and the resources required to achieve this goal are significant. The tax return check off proposed in Senate Bill 384 is a convenient way for Kansans to be a part of supporting an important element of their cancer center.

Funds raised from such a check off would be used to enhance the opportunities for Kansans to participate in clinical trials and enhance our understanding of breast cancer—and how to treat and prevent it. Our agenda would include research in biology, etiology, genetics, prevention, detection and diagnosis, treatment, control, and outcomes.

Senator Allen has already shared with you the statistics that define breast cancer as a disease and she has reminded us that behind every one of those statistics is a patient and their family. But we should also remember that progress is being made in the prevention and treatment of breast cancer. That is certainly true at the KU Cancer Center where Dr. Carol Fabian's work has gained world wide recognition in breast cancer prevention and treatment. Her service as a leader in our center positions us to continue to make great strides in this field.

I encourage any effort you as legislators can take to support the KU Cancer Center and our work to end suffering and death from cancer in Kansas.

Thank you for this opportunity to be with you today and I would be pleased to stand for any questions.

Respectfully submitted,

Roy Jensen, M.D.
Director, Kansas Masonic Cancer Research Institute
and The University of Kansas Cancer Center

**Bringing World-Class
Cancer Care to
America's Heartland**

**Legislative
Briefing Book**

**Executive
Summary**



January 2006

A Partnership for Life

Executive Summary

Cancer kills one out of every four Americans, making it the second most common cause of death in the United States¹. **In Kansas, more than 5,300 people die of cancer each year¹ with an overall cost in medical expenses and lost productivity to our State of \$1.6 billion annually².**

While these statistics are stark reminders of the magnitude of the impact of cancer, they fail to represent the real cost of cancer. The real cost includes the moms and dads stolen from their children, the children whose lives end far too soon and the family, friends and neighbors who are no longer with us. Behind each cancer statistic is a person — a person we have to remember as we wage the battle against this devastating disease.

Cancer is a problem for Kansas — one that requires focused effort and a State-wide commitment to effectively address.

The University of Kansas (KU) wants to end cancer in Kansas and the Heartland Region through enhanced treatment, research, prevention and development of new therapeutics and diagnostics. The University of Kansas Cancer Center (KUCC) is the umbrella organization driving the cancer partnership between the University of Kansas, its Medical Center campuses in Kansas City and Wichita, the Kansas Masonic Cancer Research Institute, the Stowers Institute for Medical Research, the University of Kansas Hospital Cancer Center and the developing Midwest Cancer Alliance (See Figure 1). KU's Cancer team includes biologists determining the causes of cancer and providing clues on potential new forms of therapy, pharmacists and chemists developing safer drugs with less side effects, and doctors and nurses treating cancer with new and improved therapies.

Despite all our efforts and investment to date, it is clear that the State of Kansas must take cancer research, prevention and care to the next level to ultimately defeat this devastating disease. Governor Sebelius' March 2005 *Kansas Comprehensive Cancer Control and Prevention Plan* lays out aggressive goals for reducing the burden of cancer on Kansas. The KUCC is prepared to make a significant contribution to achieving the Governor's goals through partnership with health care providers, researchers and communities across the State.

The KU Cancer Center has already recruited Dr. Roy Jensen, a Kansas-born top-flight breast cancer researcher, to lead the KUCC's efforts. Dr. Jensen and his team of world-class researchers and physicians are building on the KUCC's existing strengths. They currently attract more than \$43 million in grant funding annually, and will soon implement the Midwest Cancer Alliance, which will reach Kansans throughout the State battling cancer with comprehensive, state-of-the-art care. With all those elements in place, the KU Cancer Center plans to achieve National Cancer Institute (NCI) designation as a Comprehensive Cancer Center by 2015.



Roy Jensen, MD

KU Cancer Center Partnership Structure

Critical to the effort of fighting cancer in Kansas are the efforts of many stakeholders across the State, as outlined in the figure below.

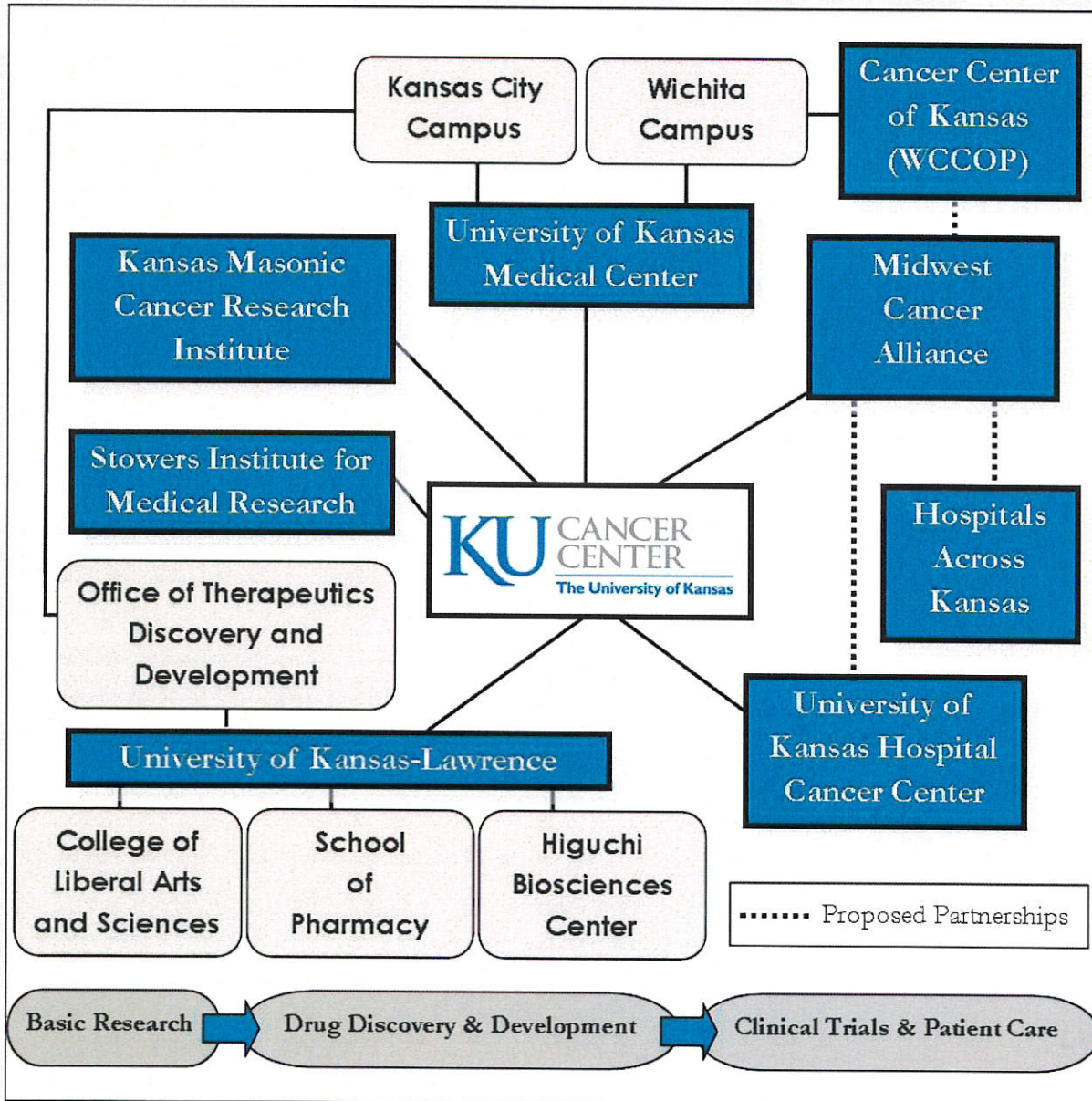


Figure 1: KUCC Partnership Structure

The ultimate goal of the KUCC is to improve the lives and health of Kansans throughout the State, in partnership with the many dedicated individuals who fight this disease every day. It is only through our collective focus, shared resources and joint efforts that we will win the war against cancer in Kansas and across the Heartland Region.

NCI designation will place the KU Cancer Center among a premier group of 61 U.S. cancer centers. This designation will enable far superior cancer research and care for Kansans and catapult the State and Heartland Region ahead as a life sciences center of excellence. If the KUCC is awarded NCI designation as a Comprehensive Cancer Center, it will be a strong indicator that Kansas is making significant progress in battling this devastating disease, reducing the burden of cancer on the State and helping Kansans to lead healthier, more productive, longer lives.

In addition to addressing a significant public health concern, the KUCC efforts to achieve NCI designation also will mean growth across a myriad of related segments of the Kansas economy. A recent study sponsored by the Kansas Technology Enterprise Corporation³ evaluated the economic advantages of gaining NCI status at the KUCC. In addition to adding almost \$100 million in research funding, the report projects hundreds of millions of dollars in economic development from related construction activities, operations, licensing revenues and cancer mortality reductions.

In its effort to expand and advance the State's comprehensive cancer diagnosis, treatment and prevention capabilities and reap the related public health and economic benefits, the KUCC seeks both a commitment to partnership and a commitment to support. **With the right commitment from the State and our communities, Kansas will be home to a nationally-recognized comprehensive research, treatment and education center that will benefit all Kansans, as well as the entire Heartland Region.**

This initiative is the University of Kansas' number one priority.

A Commitment to Partnership

The KU Cancer Center brings together the resources of the University of Kansas Medical Center; the Kansas Masonic Cancer Research Institute; the University of Kansas School of Pharmacy, College of Liberal Arts and Sciences and the Office of Therapeutics Discovery and Development; the Higuchi Biosciences Center; the University of Kansas Hospital Cancer Center; and the Stowers Institute for Medical Research. The partnership will be extended to the State and region's hospitals and physician groups via the planned Midwest Cancer Alliance.

A Commitment to Support

To achieve world-class status in cancer research and care, the KU Cancer Center requires an ongoing commitment from the State and surrounding communities. Of particular importance to the NCI in considering a candidate for designation is continuous dedicated funding from the State. An annual appropriation of \$5 million from the State of Kansas will be needed to achieve the KU Cancer Center's goals and contribute to the Governor's ambitious plans for combating cancer in the State (See Table 1).

To further demonstrate community support, the KU Cancer Center also plans to tap into regional and local funding sources including, but not limited to, those managed by philanthropic organizations and private donors.

Table 1: Allocation of Proposed Ongoing State Appropriation

Investment Area	Annual Investment Requested
Office of Therapeutics Discovery and Development	\$ 391,000
Office of Clinical Trials and Midwest Cancer Alliance	\$ 1,275,000
Pilot projects prior to grant funding	\$ 320,000
Start-up funds for newly recruited researchers/clinicians	\$ 800,000
Post-doctoral researchers	\$ 218,000
Shared resources for research technology support	\$ 686,000
Scientific Advisory Board	\$ 25,000
Director and senior leadership team	\$ 826,000
Administrative support	\$ 459,000
State Funding Requested (Adjusted for inflation annually)	\$ 5,000,000

References

1. American Cancer Society. 2005. *Cancer Facts & Figures 2005*. <http://www.cancer.org/downloads/STT/CAFF2005f4PWSecured.pdf>
2. Kansas Department of Health and Environment. 2005. *Kansas Comprehensive Cancer Control and Prevention Plan*. March 2005.
3. The Perryman Group. 2005. *The Potential Impact of an Enhanced Emphasis on Cancer Research (including designation as a Comprehensive Cancer Center) at the University of Kansas Medical Center on Business Activity in Kansas and the Kansas City Metropolitan Area*. Report prepared for the Kansas Technology Enterprise Corporation. December 2005.



KANSAS

ADJUTANT GENERAL'S DEPARTMENT
Major General Tod M Bunting

KATHLEEN SEBELIUS, GOVERNOR

Testimony on Senate Bill 384

Major General Tod Bunting

The Adjutant General of Kansas

Before the House Taxation Committee

Thursday, March 2, 2006

Mr. Chairman and members of the committee:

Thank you for allowing me to testify and support Senate Bill 384. This bill would allow for a tax "check off" for the purpose of funding the Kansas Military Emergency Relief Fund that supports Kansas military members and their families when they are mobilized.

The need for this fund was first discovered when many Guard and Reserve members begin to be mobilized to support the war on terrorism in both Afghanistan and Iraq. There were many financial problems. While there are a number of support agencies and assistance for active duty troops, there were some issues that fell in the gaps. Issues such as overdue utility bills, automotive repair, medical and funeral expense, rent, child care, food and emergency travel are such problems. These financial emergencies directly impacted our military and their families when preparing to go on extended active duty. The stress is great enough when leaving spouse, children, families and jobs without our soldiers worrying that their family is suffering financially. To help military members and families cope with the pressures of deployment the Kansas Legislature in 2004 passed and funded the Kansas

Military Emergency Relief Fund. Then again in the 2005 session the legislature passed the authorization in the Armed Services Bill of Rights.

This fund is a fund of last resort. This means that the military member must exhaust all other sources of help before coming to this fund. They then apply to a committee of military member both active and retired who make a recommendation on granting the assistance requested. The normal grant or loan is \$1,000 but can be increased with a waiver for special situations. A negative decision for an applicant may be appealed to me as The Adjutant General. In the last two years the fund has assisted 58 members and families for a total amount of \$ 58,521.99.

Senate Bill 384 will give a new source for funding and will allow the citizens of Kansas to show their support to their sons and daughters who are members of the Kansas Army or Air National Guard and Kansas residents who are members of the Reserve Forces of the United States. I therefore strongly endorse this bill.

If you have any questions, I would be glad to answer them. Thank you for your support.

Subj: **Venezuela Cautions U.S. It May Curtail Oil Exports**
Date: Wednesday, March 1, 2006 10:07:16 PM

Committee members,

Today, I mentioned the possibility of losing 1.5 million barrels of oil per day from Venezuela. Tonight, looking over a report I received today, I am surprised that Venezuela made that announcement so quickly. I hope we are prepared.

Carl

Venezuela Cautions U.S. It May Curtail Oil Exports

By JUAN FORERO

BOGOTÁ, Colombia — Venezuela's oil minister, in blunt comments published in a Caracas newspaper on Sunday, warned the United States that it could steer oil exports away from the United States and toward other markets.

The minister, Rafael Ramírez, said Venezuela, which is the world's fifth-largest oil exporter and supplies more than 10 percent of American oil imports, could act in the face of what he described as aggression by the Bush administration.

Although such warnings have become part of President Hugo Chávez's verbal arsenal against the Bush administration, the comments by Mr. Ramírez, coupled with the increasing sale of oil to China, are seen by oil experts and political analysts as a signal that Venezuela is serious about finding new buyers.

"Physically it's very feasible, and politically it's very feasible," said Lawrence Goldstein, president of the Petroleum Industry Research Foundation, a New York policy analysis group financed by the industry. "It comes with an economic penalty, but apparently Chávez is willing to pay that price."

That economic penalty comes in the increased costs to transport crude from oil-rich Latin America to as far away as China and India, two fast-growing, energy-hungry giants that are eager to buy Venezuelan oil. China is a 30-day tanker trip from Venezuela, while the United States is just 5 days away and is

well-equipped to refine the heavy, highly sulfurous Venezuelan oil .

Mr. Chávez's government, which has increasingly been sparring with the Bush administration over everything from the Iraq war to the Venezuelan leader's close ties to Cuba, is moving swiftly to forge energy ties with China. Venezuela has said that this year it will double exports to China, to 300,000 barrels a day. Venezuela ships about 1.5 million barrels a day to the United States.

Mr. Ramírez, in an interview with the daily newspaper Últimas Noticias, played down the hurdles in replacing the United States as a buyer. "We're prepared to diversify our markets and will work toward that," he was quoted as saying. "The easiest thing is locating it. That will not be a problem."

Echoing Mr. Chávez's fears of an American attack on Venezuela, Mr. Ramírez said that Venezuela would respond by shutting off exports. To consume more Venezuelan crude, China would have to configure more of its refineries to process Venezuela's particular type of crude. Venezuela also would have to increase its fleet of tankers and build a pipeline to Colombia's Pacific coast.

The threats out of Caracas have not been lost on the White House, high-ranking American military officials and Republicans in Congress, who in public hearings and closed-door sessions have addressed both Mr. Chávez's warnings about diversifying oil markets and China's increasing role in Latin America.

"I think they're not as quick to dismiss his bluster as they used to be," said Michael Shifter, a senior analyst at the Inter-American Dialogue, a Washington policy group that follows American-Venezuelan relations.

"His intention to switch his markets away from the United States is quite clear," Mr. Shifter said. "The question is, does he have the capacity to carry it out and how quick could he carry it out. The concern in the White House is that he's moving more quickly than they thought he was able to move."

Oil analysts say that if Venezuela does shift markets, the United States would be able to find other suppliers, but it would take time and cost more. "It's a global, homogeneous market, so if China gets supplies from Venezuela, then they're not getting supplied from the Middle East and elsewhere," said Mr. Goldstein of the petroleum foundation. "That all then becomes available. There's no change in supply. There's a change in redirection of supply, at a higher cost."

HOUSE BILL No. 2601

By Representatives Peck, Beamer, Brown, Carlson, Dahl, DeCastro, George, Goico, Grange, M. Holmes, E. Johnson, Kelley, Kelsey, Kiegerl, Knox, Mast, Mays, McCreary, F. Miller, Oharah, Otto and Watkins

1-12

Proposed Amendments to
House Bill No. 2601
Amendments for Conformity with
Streamlined Sales and Use Tax Agreement

House Taxation
3-2-06
Attachment 5

12 AN ACT concerning sales taxation; relating to sales tax exemption for
13 certain sales of clothing, personal computers and school supplies;
14 amending K.S.A. 2005 Supp. 79-3606 and repealing the existing
15 section.

16
17 *Be it enacted by the Legislature of the State of Kansas:*

18 Section 1. K.S.A. 2005 Supp. 79-3606 is hereby amended to read as
19 follows: 79-3606. The following shall be exempt from the tax imposed by
20 this act:

21 (a) All sales of motor-vehicle fuel or other articles upon which a sales
22 or excise tax has been paid, not subject to refund, under the laws of this
23 state except cigarettes as defined by K.S.A. 79-3301 and amendments
24 thereto, cereal malt beverages and malt products as defined by K.S.A. 79-
25 3817 and amendments thereto, including wort, liquid malt, malt syrup
26 and malt extract, which is not subject to taxation under the provisions of
27 K.S.A. 79-41a02 and amendments thereto, motor vehicles taxed pursuant
28 to K.S.A. 79-5117, and amendments thereto, tires taxed pursuant to
29 K.S.A. 65-3424d, and amendments thereto, drycleaning and laundry serv-
30 ices taxed pursuant to K.S.A. 65-34,150, and amendments thereto, and
31 gross receipts from regulated sports contests taxed pursuant to the Kansas
32 professional regulated sports act, and amendments thereto;

33 (b) all sales of tangible personal property or service, including the
34 renting and leasing of tangible personal property, purchased directly by
35 the state of Kansas, a political subdivision thereof, other than a school or
36 educational institution, or purchased by a public or private nonprofit hos-
37 pital or public hospital authority or nonprofit blood, tissue or organ bank
38 and used exclusively for state, political subdivision, hospital or public hos-
39 pital authority or nonprofit blood, tissue or organ bank purposes, except
40 when: (1) Such state, hospital or public hospital authority is engaged or
41 proposes to engage in any business specifically taxable under the provi-
42 sions of this act and such items of tangible personal property or service
43 are used or proposed to be used in such business, or (2) such political

1 sales of materials and services purchased by any class II or III railroad as
 2 classified by the federal surface transportation board for the construction,
 3 renovation, repair or replacement of class II or III railroad track and
 4 facilities used directly in interstate commerce. In the event any such track
 5 or facility for which materials and services were purchased sales tax ex-
 6 empt is not operational for five years succeeding the allowance of such
 7 exemption, the total amount of sales tax which would have been payable
 8 except for the operation of this subsection shall be recouped in accord-
 9 ance with rules and regulations adopted for such purpose by the secretary
 10 of revenue;

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

15 (fff) all sales of material handling equipment, racking systems and
 16 other related machinery and equipment that is used for the handling,
 17 movement or storage of tangible personal property in a warehouse or
 18 distribution facility in this state; all sales of installation, repair and main-
 19 tenance services performed on such machinery and equipment; and all
 20 sales of repair and replacement parts for such machinery and equipment.
 21 For purposes of this subsection, a warehouse or distribution facility means
 22 a single, fixed location that consists of buildings or structures in a contig-
 23 uous area where storage or distribution operations are conducted that are
 24 separate and apart from the business' retail operations, if any, and which
 25 do not otherwise qualify for exemption as occurring at a manufacturing
 26 or processing plant or facility. Material handling and storage equipment
 27 shall include aeration, dust control, cleaning, handling and other such
 28 equipment that is used in a public grain warehouse or other commercial
 29 grain storage facility, whether used for grain handling, grain storage, grain
 30 refining or processing, or other grain treatment operation;

31 (ggg) all sales of tangible personal property and services purchased
 32 by or on behalf of the Kansas Academy of Science which is exempt from
 33 federal income taxation pursuant to section 501(c)(3) of the federal in-
 34 ternal revenue code of 1986, and used solely by such academy for the
 35 preparation, publication and dissemination of education materials; ~~and~~

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

39 (iii) on and after July 1, 2006, ~~except as provided in section 2,~~ all sales
 40 of ~~any article of~~ clothing having a taxable value of \$300 or less, all school
 41 supplies not to exceed \$100 per purchase, all computer software with a
 42 taxable value of \$300 or less and all personal computers or computer
 43 peripheral devices not to exceed \$2,000, during a four-day period begin-

- or clothing accessories or equipment
- , school art supplies and school instructional materials
- prewritten
- school
- supplies

1 ning at 12:01 a.m. on the last Wednesday in July and ending at midnight
 2 on the Saturday following in which all such described days are in July.
 3 The provisions of this subsection apply to sales of items for personal use
 4 only. ~~As used in this subsection, (1) "clothing" means any article of wear-~~
 5 ~~ing apparel, including footwear, intended to be worn on or about the~~
 6 ~~human body. The term shall include, but not be limited to, cloth and other~~
 7 ~~material used to make school uniforms or other school clothing. Items~~
 8 ~~normally sold in pairs shall not be separated to qualify for the exemption.~~
 9 ~~The term shall not include watches, watchbands, jewelry, handbags, hand-~~
 10 ~~kerchiefs, umbrellas, scarves, headbands, or belt buckles; (2) "personal~~
 11 ~~computers" means a laptop, desktop or tower computer system which~~
 12 ~~consists of a central processing unit, random access memory, a storage~~
 13 ~~drive, a display monitor and a keyboard and devices designed for use in~~
 14 ~~conjunction with a personal computer, such as a disk drive, memory mod-~~
 15 ~~ule, compact disk drive, daughterboard, digitalizer, microphone, modem,~~
 16 ~~motherboard, mouse, multimedia speaker, printer, scanner, single user~~
 17 ~~hardware, single user operating system, soundcard or video card, and (3)~~
 18 ~~"school supplies" means any item normally used by students in a standard~~
 19 ~~classroom for educational purposes, including, but not limited to, text-~~
 20 ~~books, notebooks, paper, writing instruments, crayons, art supplies, rul-~~
 21 ~~ers, bookbags, backpacks, handheld calculators, chalk, maps and globes.~~
 22 ~~The term shall not include watches, radios, CD players, headphones,~~
 23 ~~sporting equipment, portable or desktop telephones, copiers or other office~~
 24 ~~equipment, furniture or fixtures.~~

Only items priced below the price threshold established in this subsection shall be exempt from taxation pursuant to this subsection. There shall be no exemption pursuant to this subsection for only a portion of the price of an individual item. The provisions of section 2, and amendments thereto, shall apply to the exemption contained in this subsection.

25 New Sec. 2. ~~The governing body of any city or county may adopt an~~
 26 ~~ordinance or resolution to exempt from any local sales tax all sales of~~
 27 ~~clothing, school supplies and computers and computer software as pro-~~
 28 ~~vided pursuant to the provisions of subsection (iii) of K.S.A. 79-3606, and~~
 29 ~~amendments thereto. Any such city or county may rescind the ordinance~~
 30 ~~or resolution. At least 45 days prior to the beginning of the period spec-~~
 31 ~~ified in subsection (iii) of K.S.A. 79-3606, and amendments thereto, a city~~
 32 ~~or county shall notify the director of taxation of the adoption or rescinding~~
 33 ~~of any such ordinance or resolution.~~

See insert A

34 Sec. 3. K.S.A. 2005 Supp. 79-3606 is hereby repealed.
 35 Sec. 4. This act shall take effect and be in force from and after its
 36 publication in the statute book.

INSERT A

New Sec. 2. (a) As used in this section and subsection (iii) of K.S.A. 79-3606, and amendments thereto:

(1) "Clothing" means all human wearing apparel suitable for general use. Clothing includes, but is not limited to: Aprons, household and shop; athletic supporters; baby receiving blankets; bathing suits and caps; beach capes and coats; belts and suspenders; boots; coats and jackets; costumes; diapers, children and adult, including disposable diapers; ear muffs; footlets; formal wear; garters and garter belts; girdles; gloves and mittens for general use; hats and caps; hosiery; insoles for shoes; lab coats; neckties; overshoes; pantyhose; rainwear; rubber pants; sandals; scarves; shoes and shoe laces; slippers; sneakers; socks and stockings; steel toed shoes; underwear; uniforms, athletic and non-athletic; and wedding apparel. Clothing shall not include: belts buckles sold separately; costume masks sold separately; patches and emblems sold separately; sewing equipment and supplies including, but not limited to, knitting needles, patterns, pins, scissors, sewing machines, sewing needles, tape measures, and thimbles; and sewing materials that become part of clothing including, but not limited to, buttons, fabric, lace, thread, yarn, and zippers;

(2) "clothing accessories or equipment" means incidental items worn on the person or in conjunction with clothing. Clothing accessories or equipment includes, but is not limited to: Briefcases; cosmetics; hair notions, including, but not limited to, barrettes, hair bows, and hair nets; handbags; handkerchiefs; jewelry; sun glasses, non-prescription; umbrellas; wallets; watches and wigs and hair pieces;

(3) “eligible property” means an item of a type, such as clothing, that qualifies for a sales tax exemption as provided in subsection (iii) of K.S.A. 79-3606, and amendments thereto;

(4) “layaway sale” means a transaction in which property is set aside for future delivery to a customer who makes a deposit, agrees to pay the balance of the purchase price over a period of time and, at the end of the payment period, receives the property. An order is accepted for layaway by the seller, when the seller removes the property from normal inventory or clearly identifies the property as sold to the purchaser;

(5) “rain check” means the seller allows a customer to purchase an item at a certain price at a later time because the particular item was out of stock;

(6) “school art supply” means an item commonly used by a student in a course of study for artwork. The following is an all-inclusive list: Clay and glazes; paints, acrylic, tempera and oil; paintbrushes for artwork; sketch and drawing pads; and watercolors;

(7) “school computer supply” means an item commonly used by a student in a course of study in which a computer is used. The following is an all-inclusive list: Computer storage media, diskettes, compact disks; handheld electronic schedulers, except devices that are cellular phones; personal digital assistants, except devices that are cellular phones; computer printers; and printer supplies for computers, printer paper and printer ink;

(8) “school instructional material” means written material commonly used by a student in a course of study as a reference and to learn the subject being taught. The following is an all-inclusive list: Reference books; reference maps and globes; textbooks; and workbooks; and

(9) “school supply” means an item commonly used by a student in a course of study. The following is an all-inclusive list: Binders; book bags; calculators; cellophane tape; blackboard chalk;

compasses; composition books; crayons; erasers; folders, expandable, pocket, plastic and manila; glue, paste and paste sticks; highlighters; index cards; index card boxes; legal pads; lunch boxes; markers; notebooks; paper; loose leaf ruled notebook paper, copy paper, graph paper, tracing paper, manila paper, colored paper, poster board, and construction paper; pencil boxes and other school supply boxes; pencil sharpeners; pencils; pens; protractors; rulers; scissors; and writing tablets.

(b) The secretary shall provide notice of the exemption period to retailers at least 60 days prior to the first day of the calendar quarter in which the exemption period established in subsection (iii) of K.S.A. 79-3606, and amendments thereto, commences.

(c) The following procedures are to be used in administering the exemption as provided in subsection (iii) of K.S.A. 79-3606, and amendments thereto:

(1) A sale of eligible property under a layaway sale qualifies for the exemption if:

(A) Final payment on a layaway order is made by, and the property is given to, the purchaser during the exemption period; or

(B) the purchaser selects the property and the retailer accepts the order for the item during the exemption period, for immediate delivery upon full payment, even if delivery is made after the exemption period;

(2) there shall be no change during the period of exemption for the handling of a bundled sale as treated for sales tax purposes at times other than the exemption period;

(3) a discount by the seller reduces the sales price of the property and the discounted sales price determines whether the sales price is within the price threshold provided in subsection (iii) of K.S.A. 79-3606, and amendments thereto. A coupon that reduces the sales price is treated as a discount if the seller is not reimbursed for the coupon amount by a third-party. If a discount applies

to the total amount paid by a purchaser rather than to the sales price of a particular item and the purchaser has purchased both eligible property and taxable property, the seller should allocate the discount based on the total sales prices of the taxable property compared to the total sales prices of all property sold in that same transaction;

(4) articles that are normally sold as a single unit must continue to be sold in that manner. Such articles cannot be priced separately and sold as individual items in order to obtain the exemption;

(5) a rain check allows a customer to purchase an item at a certain price at a later time because the particular item was out of stock. Eligible property that customers purchase during the exemption period with use of a rain check will qualify for the exemption regardless of when the rain check was issued. Issuance of a rain check during the exemption period shall not qualify eligible property for the exemption if the property is actually purchased after the exemption period;

(6) the procedure for an exchange in regards to an exemption is as follows:

(A) If a customer purchases an item of eligible property during the exemption period, but later exchanges the item for a similar eligible item, even if a different size, different color or other feature, no additional tax is due even if the exchange is made after the exemption period;

(B) if a customer purchases an item of eligible property during the exemption period, but after the exemption period has ended, the customer returns the item and receives credit on the purchase of a different item, the appropriate sales tax is due on the sale of the newly purchased item;
and

(C) if a customer purchases an item of eligible property before the exemption period, but during the exemption period the customer returns the item and receives credit on the purchase of a

different item of eligible property, no sales tax is due on the sale of the new item if the new item is purchased during the exemption period;

(7) delivery charges, including shipping, handling and service charges, are part of the sales price of eligible property. For the purpose of determining the price threshold, if all the property in a shipment qualifies as eligible property and the sales price for each item in the shipment is within the price threshold, then the seller does not have to allocate the delivery, handling or service charge to determine if the price threshold is exceeded. The shipment will be considered a sale of eligible products. If the shipment includes eligible property and taxable property, including an eligible item with a sales price in excess of the price threshold, the seller should allocate the delivery charge by using:

(A) A percentage based on the total sales prices of the taxable property compared to the total sales prices of all property in the shipment; or

(B) a percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment; and

(C) the seller must tax the percentage of the delivery charge allocated to the taxable property but does not have to tax the percentage allocated to the eligible property;

(8) for the purpose of an exemption, eligible property qualifies for the exemption if:

(A) The item is both delivered to and paid for by the customer during the exemption period ; or

(B) the customer orders and pays for the item and the seller accepts the order during the exemption period for immediate shipment, even if delivery is made after the exemption period. The seller accepts an order when the seller has taken action to fill the order for immediate shipment.

Actions to fill an order include placement of an in date stamp on a mail order or assignment of an order number to a telephone order. An order is for immediate shipment when the customer does not request delayed shipment. An order is for immediate shipment notwithstanding that the shipment may be delayed because of a backlog of orders or because stock is currently unavailable to, or on back order by, the seller;

(9) for a 60-day period immediately after the exemption period, when a customer returns a item that would qualify for the exemption, no credit for or refund of sales tax shall be given unless the customer provides a receipt or invoice that shows tax was paid, or the seller has sufficient documentation to show that tax was paid on the specific item. This 60-day period is set solely for the purpose of designating a time period during which the customer must provide documentation that shows that sales tax was paid on returned merchandise. The 60-day period is not intended to change a seller's policy on the time period during which the seller will accept returns; and

(10) the time zone of the seller's location determines the authorized time period for a sales tax holiday when the purchaser is located in one time zone and a seller is located in another.