

Journal of the House

SIXTY-EIGHTH DAY

HALL OF THE HOUSE OF REPRESENTATIVES,
TOPEKA, KS, Tuesday, May 28, 2013, 10:00 a.m.

The House met pursuant to adjournment with Speaker pro tem Mast in the chair.

The roll was called with 109 members present.

Rep. Osterman was excused on verified illness.

Reps. Phillips and Swanson were excused on legislative business.

Reps. Carlin, Christmann, Edmonds, Gandhi, Goico, Jennings, Kleeb, Peck, Peterson, Rubin, Sawyer and Schwartz were excused on excused absence by the Speaker.

Rep. Bridges was absent.

Present later: Reps. Carlin, Sawyer, Schwartz and Swanson.

Prayer by Chaplain Brubaker:

God of love and freedom,
thank You for the long weekend and the opportunity
to step away from the task at hand
to be with family and friends.
Once again, we want to remember
and express our appreciation for those
who have served our nation and paid the highest cost
to protect us and fight for our freedoms.
I thank You for all those who are serving
in our military today—and pray for protection over them.
The freedoms they fight to protect
are those that we exercise here in the democratic process.
Although we may not all agree with the decisions made,
we are grateful for the freedom to make the decisions.
It is in this spirit of gratitude that I pray in Your Name, Amen.

The Pledge of Allegiance was led by Rep. Campbell.

MESSAGE FROM THE SENATE

The Senate adopts the Conference Committee report to agree to disagree on **SB 171**, and has appointed Senators Masterson, Denning and Kelly as fourth conferees on the part of the Senate.

The Senate announced the appointment of Senator Bruce as a member of the Conference committees on **H Sub for SB 84; HB 2059, HB 2060** to replace Senator

Donovan.

INTRODUCTION OF ORIGINAL MOTIONS AND HOUSE RESOLUTIONS

On emergency motion of Rep. Kuether, **HR 6034**, by Rep. Kuether, as follows, was introduced and adopted:

HOUSE RESOLUTION No. **HR 6034**—

A RESOLUTION recognizing the success of the STARBASE program in Kansas.

WHEREAS, The STARBASE program started in 1989 in response to deficiencies and shortfalls in math and science education. Originally, Project STARS was a one-week summer program linking the military and local educational systems where 4th, 5th and 6th graders would learn math and science through hands-on activity; and

WHEREAS, The response to this pilot program was exceptionally positive and, in 1993, Department of Defense funds were made available to start a school-year program, formally launching the STARBASE program. Kansas was one of seven original states to receive funding for the STARBASE program; and

WHEREAS, The Kansas STARBASE program is the largest in the United States with five locations in Wichita, Topeka, Salina, Manhattan and Kansas City. The program has teamed up with western Kansas community colleges and universities to ensure all students have access to this exceptional and unique program; and

WHEREAS, STARBASE has worked with over 50,000 Kansas students to increase their knowledge and create an interest in the areas of math, science, engineering and technology. Along with the academic focus, STARBASE also works to instill a sense of pride and personal accomplishment in the students who have attended the academy. When asked about their experience at STARBASE, 96% of students said STARBASE made learning fun, and 91% said they would like to go back to STARBASE; and

WHEREAS, The success of the STARBASE program is due to the great relationship between the military and local schools as the result of the Department of Defense's management of the program:

Now, therefore,

Be it resolved by the House of Representatives of the State of Kansas: That we recognize the success the STARBASE program has seen in Kansas. The STARBASE program has had a significant impact on Kansas students, and we hope to see continued success of the program; and

Be it further resolved: That the Chief Clerk of the House of Representatives be directed to provide three enrolled copies of this resolution to Representative Kuether.

There being no objection, the following remarks of Rep. Kuether are spread upon the Journal:

It is my privilege to offer House Resolution 6034 supporting the Starbase program. I am joined here this morning by Sen. Elaine Bowers, Ex. Director Jeff Gabriel, board member and President Kerry Taylor, and Brigadier General Eric Peck. As a former Board member, I have seen the success of this program through the eyes of its students. Please join me in supporting this resolution.

INTRODUCTION OF ORIGINAL MOTIONS

On motion of Rep. Vickrey, pursuant to subsection (k) of Joint Rule 4 of the Joint Rules of the Senate and House of Representatives, the rules were suspended for the purpose of considering **H Sub for SB 84**.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **House Substitute for SB 84** submits the following report:

Your committee on conference agrees to disagree and recommends that a new conference committee be appointed;

And your committee on conference recommends the adoption of this report.

RICHARD CARLSON

ARLEN SIEGFREID

Conferees on part of House

CARYN TYSON

TERRY BRUCE

Conferees on part of Senate

On motion of Rep. Carlson, the conference committee report on **H Sub for SB 84** was adopted.

Speaker pro tem Mast thereupon appointed Reps. Carlson, Siegfroid and Menghini as second conferees on the part of the House.

CHANGE OF CONFEREES

Speaker Merrick announced the appointment of Rep. Schwab as a member of the conference committees on **HB 2059**, **HB 2060** to replace Rep. Siegfroid.

On motion of Rep. Vickrey, the House recessed until 2:00 p.m.

AFTERNOON SESSION

The House met pursuant to recess with Speaker pro tem Mast in the chair.

MESSAGE FROM THE SENATE

The Senate adopts the Conference Committee report to agree to disagree on **H Sub for SB 84**, and has appointed Senators Tyson, Bruce and Hensley as second conferees on the part of the Senate.

The Senate announced the appointment of Senator Holland as a member of the conference committee on **H Sub for SB 84** to replace Senator Hensley.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 84** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee of the

(F) For tax year 2017:

If the taxable income is:	The tax is:
Not over \$15,000.....	2.3% of Kansas taxable income
Over \$15,000.....	\$345 plus 4.75% of excess over \$15,000

(G) For tax year 2018, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over \$15,000.....	2.3% of Kansas taxable income
Over \$15,000.....	\$345 plus 3.5% of excess over \$15,000";

On page 4, in line 21, before "Tax" by inserting "Commencing with fiscal year 2018,"; in line 27, following the period, by inserting: "(1) For the tax year commencing on January 1, 2013,"; in line 28, following "means" by inserting "75% of"; following line 31, by inserting:

"(2) For the tax year commencing on January 1, 2014, the Kansas itemized deduction of an individual means 70% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(3) For the tax year commencing on January 1, 2015, the Kansas itemized deduction of an individual means 65% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(4) For the tax year commencing on January 1, 2016, the Kansas itemized deduction of an individual means 60% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(5) For the tax year commencing on January 1, 2017, the Kansas itemized deduction of an individual means 55% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(6) For the tax years commencing on and after January 1, 2018, the Kansas itemized deduction of an individual means 50% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.";

Also on page 4, by striking all in lines 40 through 43;

On page 5, by striking all in lines 1 through 15; following line 15 by inserting:

"(c) Notwithstanding any provision of this section to the contrary, for the tax years commencing after January 1, 2013, the total amount of deductions from federal adjusted gross income shall be reduced by the amount of wagering losses claimed as an itemized deduction in section 165(d) of the federal internal revenue code, and amendments thereto.";

On page 10, by striking lines 26 and 27; following line 27 by inserting:

"New Sec. 4. (a) For any taxable year commencing after December 31, 2012, a credit shall be allowed against the tax imposed by the Kansas income tax act on the Kansas taxable income of an individual income taxpayer who purchased food in this state, had federal adjusted gross income for the tax year that did not exceed \$30,615, and meets the qualifications in subsections (b) and (c).

(b) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer and the taxpayer's spouse if married filing jointly, must be domiciled in this state. For purposes of this credit, "domicile" shall not include any correctional facility, or portion thereof, as defined in K.S.A. 75-5202, and amendments thereto, any juvenile correctional facility, or portion thereof, as defined in K.S.A. 38-2302, and amendments thereto, any correctional facility of the federal bureau of prisons located in the state of Kansas, or any city or county jail facility in the state of Kansas.

(c) During the entire tax year a taxpayer filing single, head of household, or married filing separate, or the taxpayer or the taxpayer's spouse if married filing jointly, must be either: (1) A person having a disability, regardless of age; (2) a person without a disability who is 55 years of age or older; or (3) a person without a disability who is younger than 55 years of age who claims an exemption for one or more dependent children under 18 years of age.

(d) The amount of the credit shall be \$125 for every exemption claimed on the taxpayer's federal income tax return, except that no exemption shall be counted for a dependent unless the dependent is a child under 18 years of age.

(e) The credit allowed under this provision shall be applied against the taxpayer's income tax liability after all other credits allowed under the income tax act. It shall not be refundable, and may not be carried forward.

(f) (1) Every taxpayer claiming the credit shall supply the division in support of a claim, reasonable proof of: (A) Domicile; (B) age; and (C) disability.

(2) A claim alleging disability shall be supported by a report of the examining physician of the claimant with a statement or certificate that the applicant has a disability as defined in subsection (g).

(g) (1) "Disability" means: (A) Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months, and an individual shall be determined to be under a disability only if the physical or mental impairment or impairments are of such severity that the individual is not only unable to do the individual's previous work but cannot, considering age, education and work experience, engage in any other kind of substantial gainful work which exists in the national economy, regardless of whether such work exists in the immediate area in which the individual lives or whether a specific job vacancy exists for the individual, or whether the individual would be hired if application was made for work. For purposes of this subsection, with respect to any individual, "work which exists in the national economy" means work which exists in significant numbers either in the region where the individual lives or in several regions of the country and a "physical or mental impairment" is an impairment that results from anatomical, physiological or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques; or

(B) blindness and inability by reason of blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which the individual has previously engaged with some regularity and over a substantial period of time. For purposes of this subsection "blindness" means central visual acuity of $^{20}/_{200}$ or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for the purpose of this paragraph as having a central visual acuity of $^{20}/_{200}$ or less.

(h) The secretary of revenue is hereby authorized to adopt such rules and regulations as may be necessary for the administration of the provisions of this section.

Sec. 5. K.S.A. 2012 Supp. 79-32,119 is hereby amended to read as follows: 79-32,119. The Kansas standard deduction of an individual, including a husband and wife who are either both residents or who file a joint return as if both were residents, shall be equal to the sum of the standard deduction amount allowed pursuant to this section, and the additional standard deduction amount allowed pursuant to this section for each such deduction allowable to such individual or to such husband and wife under the federal internal revenue code. For tax year 1998 through tax year 2012, the standard deduction amount shall be as follows: Single individual filing status, \$3,000; married filing status, \$6,000; and head of household filing status, \$4,500. For tax year 1998, and all tax years thereafter, the additional standard deduction amount shall be as follows: Single individual and head of household filing status, \$850; and married filing status, \$700. For tax year 2013, and all tax years thereafter, the standard deduction amount of an individual, including husband and wife who are either both residents or who file a joint return as if both were residents, shall be as follows: Single individual filing status, \$3,000; married filing status, ~~\$9,000~~ \$6,500; and head of household filing status, ~~\$9,000~~ \$5,000. For purposes of the foregoing, the federal standard deduction allowable to a husband and wife filing separate Kansas income tax returns shall be determined on the basis that separate federal returns were filed, and the federal standard deduction of a husband and wife filing a joint Kansas income tax return shall be determined on the basis that a joint federal income tax return was filed.

Sec. 6. K.S.A. 2012 Supp. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of 5.3%, and commencing July 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of ~~5.7%~~ 6.0%. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:

(a) The gross receipts received from the sale of tangible personal property at retail within this state;

(b) the gross receipts from intrastate, interstate or international telecommunications services and any ancillary services sourced to this state in accordance with K.S.A. 2012 Supp. 79-3673, and amendments thereto, except that telecommunications service does not include: (1) Any interstate or international 800 or 900 service; (2) any interstate or international private communications service as defined in K.S.A. 2012 Supp. 79-3673,

and amendments thereto; (3) any value-added nonvoice data service; (4) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including carrier access services; or (5) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by section 1504 of the federal internal revenue code of 1986, as in effect on January 1, 2001;

(c) the gross receipts from the sale or furnishing of gas, water, electricity and heat, which sale is not otherwise exempt from taxation under the provisions of this act, and whether furnished by municipally or privately owned utilities, except that, on and after January 1, 2006, for sales of gas, electricity and heat delivered through mains, lines or pipes to residential premises for noncommercial use by the occupant of such premises, and for agricultural use and also, for such use, all sales of propane gas, the state rate shall be 0%; and for all sales of propane gas, LP gas, coal, wood and other fuel sources for the production of heat or lighting for noncommercial use of an occupant of residential premises, the state rate shall be 0%, but such tax shall not be levied and collected upon the gross receipts from: (1) The sale of a rural water district benefit unit; (2) a water system impact fee, system enhancement fee or similar fee collected by a water supplier as a condition for establishing service; or (3) connection or reconnection fees collected by a water supplier;

(d) the gross receipts from the sale of meals or drinks furnished at any private club, drinking establishment, catered event, restaurant, eating house, dining car, hotel, drugstore or other place where meals or drinks are regularly sold to the public;

(e) the gross receipts from the sale of admissions to any place providing amusement, entertainment or recreation services including admissions to state, county, district and local fairs, but such tax shall not be levied and collected upon the gross receipts received from sales of admissions to any cultural and historical event which occurs triennially;

(f) the gross receipts from the operation of any coin-operated device dispensing or providing tangible personal property, amusement or other services except laundry services, whether automatic or manually operated;

(g) the gross receipts from the service of renting of rooms by hotels, as defined by K.S.A. 36-501, and amendments thereto, or by accommodation brokers, as defined by K.S.A. 12-1692, and amendments thereto, but such tax shall not be levied and collected upon the gross receipts received from sales of such service to the federal government and any agency, officer or employee thereof in association with the performance of official government duties;

(h) the gross receipts from the service of renting or leasing of tangible personal property except such tax shall not apply to the renting or leasing of machinery, equipment or other personal property owned by a city and purchased from the proceeds of industrial revenue bonds issued prior to July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through 12-1749, and amendments thereto, and any city or lessee renting or leasing such machinery, equipment or other personal property purchased with the proceeds of such bonds who shall have paid a tax under the provisions of this section upon sales made prior to July 1, 1973, shall be entitled to a refund from the sales tax refund fund of all taxes paid thereon;

(i) the gross receipts from the rendering of dry cleaning, pressing, dyeing and laundry services except laundry services rendered through a coin-operated device

whether automatic or manually operated;

(j) the gross receipts from the rendering of the services of washing and waxing and waxing of vehicles;

(k) the gross receipts from cable, community antennae and other subscriber radio and television services;

(l) (1) except as otherwise provided by paragraph (2), the gross receipts received from the sales of tangible personal property to all contractors, subcontractors or repairmen for use by them in erecting structures, or building on, or otherwise improving, altering, or repairing real or personal property.

(2) Any such contractor, subcontractor or repairman who maintains an inventory of such property both for sale at retail and for use by them for the purposes described by paragraph (1) shall be deemed a retailer with respect to purchases for and sales from such inventory, except that the gross receipts received from any such sale, other than a sale at retail, shall be equal to the total purchase price paid for such property and the tax imposed thereon shall be paid by the deemed retailer;

(m) the gross receipts received from fees and charges by public and private clubs, drinking establishments, organizations and businesses for participation in sports, games and other recreational activities, but such tax shall not be levied and collected upon the gross receipts received from: (1) Fees and charges by any political subdivision, by any organization exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-201, and amendments thereto, or by any youth recreation organization exclusively providing services to persons 18 years of age or younger which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for participation in sports, games and other recreational activities; and (2) entry fees and charges for participation in a special event or tournament sanctioned by a national sporting association to which spectators are charged an admission which is taxable pursuant to subsection (e);

(n) the gross receipts received from dues charged by public and private clubs, drinking establishments, organizations and businesses, payment of which entitles a member to the use of facilities for recreation or entertainment, but such tax shall not be levied and collected upon the gross receipts received from: (1) Dues charged by any organization exempt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of K.S.A. 79-201, and amendments thereto; and (2) sales of memberships in a nonprofit organization which is exempt from federal income taxation pursuant to section 501 (c) (3) of the federal internal revenue code of 1986, and whose purpose is to support the operation of a nonprofit zoo;

(o) the gross receipts received from the isolated or occasional sale of motor vehicles or trailers but not including: (1) The transfer of motor vehicles or trailers by a person to a corporation or limited liability company solely in exchange for stock securities or membership interest in such corporation or limited liability company; or (2) the transfer of motor vehicles or trailers by one corporation or limited liability company to another when all of the assets of such corporation or limited liability company are transferred to such other corporation or limited liability company; or (3) the sale of motor vehicles or trailers which are subject to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and amendments thereto, by an immediate family member to another immediate family member. For the purposes of clause (3), immediate family member means lineal ascendants or descendants, and their spouses.

Any amount of sales tax paid pursuant to the Kansas retailers sales tax act on the isolated or occasional sale of motor vehicles or trailers on and after July 1, 2004, which the base for computing the tax was the value pursuant to subsections (a), (b)(1) and (b) (2) of K.S.A. 79-5105, and amendments thereto, when such amount was higher than the amount of sales tax which would have been paid under the law as it existed on June 30, 2004, shall be refunded to the taxpayer pursuant to the procedure prescribed by this section. Such refund shall be in an amount equal to the difference between the amount of sales tax paid by the taxpayer and the amount of sales tax which would have been paid by the taxpayer under the law as it existed on June 30, 2004. Each claim for a sales tax refund shall be verified and submitted not later than six months from the effective date of this act to the director of taxation 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 that amount of tax paid as provided by this act. All such 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 of taxation or the director's designee. No refund for an amount less than \$10 shall be paid pursuant to this act. In determining the base for computing the tax on such isolated or occasional sale, the fair market value of any motor vehicle or trailer traded in by the purchaser to the seller may be deducted from the selling price;

(p) the gross receipts received for the service of installing or applying tangible personal property which when installed or applied is not being held for sale in the regular course of business, and whether or not such tangible personal property when installed or applied remains tangible personal property or becomes a part of real estate, except that no tax shall be imposed upon the service of installing or applying tangible personal property in connection with the original construction of a building or facility, the original construction, reconstruction, restoration, remodeling, renovation, repair or replacement of a residence or the construction, reconstruction, restoration, replacement or repair of a bridge or highway.

For the purposes of this subsection:

(1) "Original construction" shall mean the first or initial construction of a new building or facility. The term "original construction" shall include the addition of an entire room or floor to any existing building or facility, the completion of any unfinished portion of any existing building or facility and the restoration, reconstruction or replacement of a building, facility or utility structure damaged or destroyed by fire, flood, tornado, lightning, explosion, windstorm, ice loading and attendant winds, terrorism or earthquake, but such term, except with regard to a residence, shall not include replacement, remodeling, restoration, renovation or reconstruction under any other circumstances;

(2) "building" shall mean only those enclosures within which individuals customarily are employed, or which are customarily used to house machinery, equipment or other property, and including the land improvements immediately surrounding such building;

(3) "facility" shall mean a mill, plant, refinery, oil or gas well, water well, feedlot or any conveyance, transmission or distribution line of any cooperative, nonprofit, membership corporation organized under or subject to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or municipal or quasi-municipal corporation, including the land improvements immediately surrounding such facility;

(4) "residence" shall mean only those enclosures within which individuals customarily live;

(5) "utility structure" shall mean transmission and distribution lines owned by an independent transmission company or cooperative, the Kansas electric transmission authority or natural gas or electric public utility; and

(6) "windstorm" shall mean straight line winds of at least 80 miles per hour as determined by a recognized meteorological reporting agency or organization;

(q) the gross receipts received for the service of repairing, servicing, altering or maintaining tangible personal property which when such services are rendered is not being held for sale in the regular course of business, and whether or not any tangible personal property is transferred in connection therewith. The tax imposed by this subsection shall be applicable to the services of repairing, servicing, altering or maintaining an item of tangible personal property which has been and is fastened to, connected with or built into real property;

(r) the gross receipts from fees or charges made under service or maintenance agreement contracts for services, charges for the providing of which are taxable under the provisions of subsection (p) or (q);

(s) on and after January 1, 2005, the gross receipts received from the sale of prewritten computer software and the sale of the services of modifying, altering, updating or maintaining prewritten computer software, whether the prewritten computer software is installed or delivered electronically by tangible storage media physically transferred to the purchaser or by load and leave;

(t) the gross receipts received for telephone answering services;

(u) the gross receipts received from the sale of prepaid calling service and prepaid wireless calling service as defined in K.S.A. 2012 Supp. 79-3673, and amendments thereto; and

(v) the gross receipts received from the sales of bingo cards, bingo faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq., and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1, 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq., and amendments thereto, shall be exempt from taxes imposed pursuant to this section.

Sec. 7. K.S.A. 2012 Supp. 79-3620, as amended by section 6 of 2013 House Substitute for Senate Bill no. 83, is hereby amended to read as follows: 79-3620. (a) All revenue collected or received by the director of taxation from the taxes imposed by this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsections (c), (d) and (e), to the credit of the state general fund.

(b) A refund fund, designated as "sales tax refund fund" not to exceed \$100,000 shall be set apart and maintained by the director from sales tax collections and estimated tax collections and held by the state treasurer for prompt payment of all sales tax refunds. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act. In the event such fund as established by this section is, at any time, insufficient to provide for the payment of refunds due claimants thereof, the director shall certify

the amount of additional funds required to the director of accounts and reports who shall promptly transfer the required amount from the state general fund to the sales tax refund fund, and notify the state treasurer, who shall make proper entry in the records.

(c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(5) On July 1, 2010, the state treasurer shall credit 11.427% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(6) On July 1, 2011, the state treasurer shall credit 11.26% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(7) On July 1, 2012, the state treasurer shall credit 11.233% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund, as well as such revenue collected and received at the rate of 6.3%, after June 30, 2013.

(8) On July 1, 2013, and thereafter, the state treasurer shall credit ~~18.421%~~ 17.500% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of ~~5.7%~~ 6.0%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a STAR bond project district occupied by a STAR bond project or taxpayers doing business with such entity financed by a STAR bond project as defined in K.S.A. 2012 Supp. 12-17,162, and amendments thereto, that was determined by the secretary of commerce to be of statewide as well as local importance or will create a major tourism area for the state or the project was designated as a STAR bond project as defined in K.S.A. 2012 Supp. 12-17,162, and amendments thereto, to the city bond finance fund, which fund is hereby created. The provisions of this subsection shall expire when the total of all amounts credited

hereunder and under subsection (d) of K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such STAR bond project.

(e) All revenue certified by the director of taxation as having been collected or received from the tax imposed by subsection (c) of K.S.A. 79-3603, and amendments thereto, on the sale or furnishing of gas, water, electricity and heat for use or consumption within the intermodal facility district described in this subsection, shall be credited by the state treasurer to the state highway fund. Such revenue may be transferred by the secretary of transportation to the rail service improvement fund pursuant to law. The provisions of this subsection shall take effect upon certification by the secretary of transportation that a notice to proceed has been received for the construction of the improvements within the intermodal facility district, but not later than December 31, 2010, and shall expire when the secretary of revenue determines that the total of all amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-3710, and amendments thereto, is equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all revenues shall be collected and distributed in accordance with applicable law. For all tax reporting periods during which the provisions of this subsection are in effect, none of the exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply to the sale or furnishing of any gas, water, electricity and heat for use or consumption within the intermodal facility district. As used in this subsection, "intermodal facility district" shall consist of an intermodal transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and amendments thereto, located in Johnson county within the polygonal-shaped area having Waverly Road as the eastern boundary, 191st Street as the southern boundary, Four Corners Road as the western boundary, and Highway 56 as the northern boundary, and the polygonal-shaped area having Poplar Road as the eastern boundary, 183rd Street as the southern boundary, Waverly Road as the western boundary, and the BNSF mainline track as the northern boundary, that includes capital investment in an amount exceeding \$150 million for the construction of an intermodal facility to handle the transfer, storage and distribution of freight through railway and trucking operations.

Sec. 8. K.S.A. 2012 Supp. 79-3703 is hereby amended to read as follows: 79-3703. There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of 5.3%, and commencing July 1, 2010, at the rate of 6.3%, and commencing July 1, 2013, at the rate of ~~5.7%~~ 6.0%. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax of 2% until the earlier of: (1) The date the bonds issued to finance or refinance the redevelopment project undertaken in the district have been paid in full; or (2) the final scheduled maturity of the first series of bonds issued to finance the redevelopment project. All property purchased or leased within or without this state and subsequently used, stored or consumed in this state shall be subject to the compensating tax if the same property or transaction would have been subject to the Kansas retailers' sales tax had the transaction been wholly within this state.

Sec. 9. K.S.A. 2012 Supp. 79-3710 is hereby amended to read as follows: 79-3710. (a) All revenue collected or received by the director under the provisions of this act

shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts set apart as provided in subsection (b) and amounts credited as provided in subsection (c), (d) and (e), to the credit of the state general fund.

(b) A revolving fund, designated as "compensating tax refund fund" not to exceed \$10,000 shall be set apart and maintained by the director from compensating tax collections and estimated tax collections and held by the state treasurer for prompt payment of all compensating tax refunds. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act.

(c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) The state treasurer shall credit $\frac{7}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(3) On July 1, 2006, the state treasurer shall credit $\frac{19}{265}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(4) On July 1, 2007, the state treasurer shall credit $\frac{13}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(5) On July 1, 2010, the state treasurer shall credit 11.427% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(6) On July 1, 2011, the state treasurer shall credit 11.26% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(7) On July 1, 2012, the state treasurer shall credit 11.233% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund, as well as such revenue collected and received at the rate of 6.3%, after June 30, 2013.

(8) On July 1, 2013, and thereafter, the state treasurer shall credit ~~18.421%~~ 17.500% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of ~~5.7%~~ 6.0%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, as certified by the director, from

taxpayers doing business within that portion of a redevelopment district occupied by a redevelopment project that was determined by the secretary of commerce to be of statewide as well as local importance or will create a major tourism area for the state as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond finance fund created by subsection (d) of K.S.A. 79-3620, and amendments thereto. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such redevelopment project.

This subsection shall not apply to a project designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto.

(e) All revenue certified by the director of taxation as having been collected or received from the tax imposed by subsection (c) of K.S.A. 79-3603, and amendments thereto, on the sale or furnishing of gas, water, electricity and heat for use or consumption within the intermodal facility district described in this subsection, shall be credited by the state treasurer to the state highway fund. Such revenue may be transferred by the secretary of transportation to the rail service improvement fund pursuant to law. The provisions of this subsection shall take effect upon certification by the secretary of transportation that a notice to proceed has been received for the construction of the improvements within the intermodal facility district, but not later than December 31, 2010, and shall expire when the secretary of revenue determines that the total of all amounts credited hereunder and pursuant to subsection (e) of K.S.A. 79-3620, and amendments thereto, is equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all revenues shall be collected and distributed in accordance with applicable law. For all tax reporting periods during which the provisions of this subsection are in effect, none of the exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply to the sale or furnishing of any gas, water, electricity and heat for use or consumption within the intermodal facility district. As used in this subsection, "intermodal facility district" shall consist of an intermodal transportation area as defined by subsection (oo) of K.S.A. 12-1770a, and amendments thereto, located in Johnson county within the polygonal-shaped area having Waverly Road as the eastern boundary, 191st Street as the southern boundary, Four Corners Road as the western boundary, and Highway 56 as the northern boundary, and the polygonal-shaped area having Poplar Road as the eastern boundary, 183rd Street as the southern boundary, Waverly Road as the western boundary, and the BNSF mainline track as the northern boundary, that includes capital investment in an amount exceeding \$150 million for the construction of an intermodal facility to handle the transfer, storage and distribution of freight through railway and trucking operations.

Sec. 10. K.S.A. 2012 Supp. 79-32,110, 79-32,119, 79-32,120, 79-3603, 79-3620, as amended by section 6 of 2013 House Substitute for Senate Bill No. 83, 79-3703 and 79-3710 are hereby repealed.;

And by renumbering sections accordingly;

On page 1, in the title, by striking all in lines 3 and 4 and inserting "sales tax, rates and distribution of revenue; amending K.S.A. 2012 Supp. 79-32,110, 79-32,119, 79-32,120, 79-3603, 79-3620, as amended by section 6 of 2013 House Substitute for Senate Bill No. 83, 79-3703 and 79-3710 and repealing the existing sections.;"

And your committee on conference recommends the adoption of this report.

RICHARD CARLSON

ARLEN SIEGFREID

Conferees on part of House

CARYN TYSON

TERRY BRUCE

Conferees on part of Senate

On motion of Rep. Carlson to adopt the conference committee report, the motion did not prevail.

On roll call, the vote was: Yeas 42; Nays 71; Present but not voting: 0; Absent or not voting: 12.

Yeas: Alford, Barker, Becker, Boldra, Brunk, Couture-Lovelady, Carlson, Carpenter, Cassidy, Crum, Doll, Ewy, Gonzalez, Hawkins, Hedke, Hoffman, Huebert, Johnson, Kelly, Kinzer, Lunn, Mast, Merrick, Montgomery, O'Brien, Petty, Proehl, Read, Rothlisberg, Ryckman Jr., Ryckman Sr., Schroeder, Schwab, Schwartz, Seiwert, Shultz, Siegfroid, Sutton, Thimesch, Todd, Vickrey, Weber.

Nays: Ballard, Bideau, Bollier, Bradford, Bruchman, Burroughs, Campbell, Carlin, Claeys, Clayton, Concannon, Corbet, Davis, DeGraaf, Dierks, Dillmore, Dove, Edwards, Esau, Finch, Finney, Frownfelter, Garber, Grant, Grosserode, Henderson, Henry, Hermanson, Hibbard, Highland, Hildabrand, Hill, Hineman, Houser, Houston, Howell, Hutton, Jones, Kahrs, Kelley, Kuether, Lane, Lusk, Macheers, McPherson, Meier, Meigs, Menghini, Moxley, Pauls, Perry, Phillips, Powell, Rhoades, Rooker, Ruiz, Sawyer, Sloan, Sloop, Suellentrop, Swanson, Tietze, Trimmer, Victors, Ward, Waymaster, Weigel, Whipple, Wilson, Winn, Wolfe Moore.

Present but not voting: None.

Absent or not voting: Alcalá, Bridges, Christmann, Edmonds, Gandhi, Goico, Jennings, Kleeb, Osterman, Peck, Peterson, Rubin.

EXPLANATION OF VOTE

MR. SPEAKER: I was elected by the voters in the 87th district to reduce the tax burden on Kansans by growing our economy and reducing the size of government. I fully support reducing income taxes on our citizens, but reducing bloated government spending should be the source for the reduction. This legislation raises income and sales taxes by over \$850,000 in net new tax revenue for the state government. It is irresponsible to increase taxes instead of reigning in out-of-control government spending. I vote no on **H Sub for SB 84**. — MARK KAHRIS

CHANGE OF CONFEREES

Speaker pro tem Mast announced the appointment of Rep. Lane as a member of the conference committee on **HB 2216** to replace Rep. Burroughs.

REPORT ON ENROLLED BILLS

HB 2149, HB 2162; S Sub for HB 2199; HB 2213 reported correctly enrolled, properly signed and presented to the Governor on May 28, 2013.

READING AND CORRECTION OF THE JOURNAL

In the Journal on pages 1038 and 1039, the last two Explanations of Vote should appear as follows:

MR. SPEAKER: The principled, conservative 2012 legislature passed an approximate \$800,000,000 income tax reduction which forces our Kansas government to be more responsible, efficient, lightens the tax burden of Kansas citizens, and is a giant step in the right direction. Unfortunately, this year's tax bill reverses some of the important gains with an unnecessary tax increase. The 2010 legislature's decision to begin a 4/10th cent sales tax increase this year for KDOT is unnecessary new spending which should instead be directed to balance the budget. We could proudly adjourn the session as principled conservatives but not under this tax policy proposal. I vote No on **HB 2084**.
– JIM HOWELL, JOHN BRADFORD

MR. SPEAKER: Principled conservatives voted last year to reduce taxes, a move that was lauded nationally as an example for others to follow. That reduced tax burden positions Kansas for job growth. Bottom line, **HB 2084** is a tax increase. As a compassionate conservative I believe we can have smaller, more effective government, ensure our communities are safe, provide quality education for our children, maintain our outstanding roads, minister to the needy, reduce our debts, and still lower taxes. I cannot turn my back on the progress made last year. I vote NO, thereby killing the Senate Tax Plan inside **HB 2084**. – PETE DEGRAAF, RANDY GARBER

On motion of Rep. Vickrey, the House adjourned until 10:00 a.m., Wednesday, May 29, 2013.

CHARLENE SWANSON, *Journal Clerk*.

SUSAN W. KANNARR, *Chief Clerk*.

