

# Journal of the House

SIXTY-SIXTH DAY

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HALL OF THE HOUSE OF REPRESENTATIVES,  
TOPEKA, KS, Monday, May 8, 2006, 11:00 a.m.

The House met pursuant to adjournment with Speaker Mays in the chair.  
The roll was called with 120 members present.  
Rep. Powers was excused on verified illness.  
Reps. Bethell, Edmonds, O'Neal and Sloan were excused on excused absence by the Speaker.

Present later: Reps Bethell and Sloan.

Prayer by Chaplain Chamberlain:

Good Morning Lord! We rise to greet you on this glorious day — a day that you created and that you must believe is good. We are here to live in this day that you have given us, to meet the opportunities that we will have to share your grace with our neighbors, to seek your will in life and to know more deeply your unending love.

Bless us on this day's journey. Give us what we need to make it through. Help us to know that you who provide, always provide enough that we can share our blessings with our brothers and sisters. Protect us from what diverts us from your will and from what fails to live up to the promise of the gift of this day in our lives.

In all things we give all praise and glory for the great things you have done and for what you make it possible for us to do. Amen.

The Pledge of Allegiance was led by Rep. Hill.

## REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were referred to committees as indicated:

Committee of the Whole: **SB 601**.

Taxation: **Sub. SB 488**.

## MESSAGE FROM THE SENATE

The Senate accedes to the request of the House for a conference on **SB 549** and has appointed Senators Schodorf, Vratil and Lee as second conferees on the part of the Senate.

The President announced the appointment of Senators Brungardt, Vratil and Hensley as members of the conference committee on **HB 2529** to replace Senators Vratil, Bruce and Goodwin.

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

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## AFTERNOON SESSION

The House met pursuant to recess with Speaker Mays in the chair.

**MESSAGE FROM THE SENATE**

The Senate adopts the conference committee report to agree to disagree on **HB 2809** and has appointed Senators Schodorf, Vratil and Lee as third conferees on the part of the Senate.

**INTRODUCTION OF ORIGINAL MOTIONS**

On motion of Rep. Aurand, 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 **HB 2352, HB 2555, HB 2809; SB 479, SB 601.**

**CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2809**, 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.

JEAN KURTIS SCHODORF  
JOHN VRATIL  
JANIS K. LEE  
*Conferees on part of Senate*

KATHE DECKER  
GARY K. HAYZLETT  
*Conferees on part of House*

On motion of Rep. Decker, the conference committee report on **HB 2809** was adopted. Speaker Mays thereupon appointed Reps. Decker, Hayzlett and Crow as third conferees on the part of the House.

**CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2352**, 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 Senate Committee of the Whole amendments, as follows:

On page 11, in line 11, after "them" by inserting ", and such additional cases as the board deems appropriate,";

On page 14, in line 5, by striking "parent" where it appears the second time; by striking all in lines 6 and 7 and inserting "investigating officer shall notify or attempt to notify the parent or guardian of the medical examination of the child.";

On page 25, in line 35, by striking "or" and inserting "and";

On page 28, by striking all in lines 37 through 43;

On page 29, by striking all in lines 1 through 5;

On page 48, in line 31, by striking the period; in line 32, after "adoption" by inserting a period;

On page 75, by striking all in lines 2 through 43;

On page 76, by striking all in lines 1 through 6; by striking all in lines 33 through 43;

On page 77, by striking all in lines 1 through 16 and inserting the following:

"Sec. 85. K.S.A. 2005 Supp. 21-3721, as amended by section 6 of 2006 House Bill No. 2703, is hereby amended to read as follows: 21-3721. (a) Criminal trespass is:

(1) Entering or remaining upon or in any land, nonnavigable body of water, structure, vehicle, aircraft or watercraft, other than railroad property as defined in K.S.A. 2005 Supp. 21-3761, and amendments thereto, or nuclear generating facility as defined in section 1 of 2006 House Bill No. 2703, and amendments thereto, by a person who knows such person is not authorized or privileged to do so, and:

(A) Such person enters or remains therein in defiance of an order not to enter or to leave such premises or property personally communicated to such person by the owner thereof or other authorized person; or

(B) such premises or property are posted in a manner reasonably likely to come to the attention of intruders, or are locked or fenced or otherwise enclosed, or shut or secured against passage or entry; or

(C) such person enters or remains therein in defiance of a restraining order issued pursuant to ~~K.S.A. 60-31a05, 60-31a06, K.S.A. 60-1607, 60-3105, 60-3106 or, 60-3107 or K.S.A. 38-1542, 38-1543 or 38-1563, 60-31a05 or 60-31a06 or section 38, 39 or 50,~~ and amendments thereto, and the restraining order has been personally served upon the person so restrained; or

(2) entering or remaining upon or in any public or private land or structure in a manner that interferes with access to or from any health care facility by a person who knows such person is not authorized or privileged to do so and such person enters or remains thereon or therein in defiance of an order not to enter or to leave such land or structure personally communicated to such person by the owner of the health care facility or other authorized person.

(b) As used in this section:

(1) "Health care facility" means any licensed medical care facility, certificated health maintenance organization, licensed mental health center, or mental health clinic, licensed psychiatric hospital or other facility or office where services of a health care provider are provided directly to patients.

(2) "Health care provider" means any person: (A) Licensed to practice a branch of the healing arts; (B) licensed to practice psychology; (C) licensed to practice professional or practical nursing; (D) licensed to practice dentistry; (E) licensed to practice optometry; (F) licensed to practice pharmacy; (G) registered to practice podiatry; (H) licensed as a social worker; or (I) registered to practice physical therapy.

(c) (1) Criminal trespass is a class B nonperson misdemeanor.

(2) Upon a conviction of a violation of subsection (a)(1)(C), a person shall be sentenced to not less than 48 consecutive hours of imprisonment which must be served either before or as a condition of any grant of probation or suspension, reduction of sentence or parole.

(d) This section shall not apply to a land surveyor, licensed pursuant to article 70 of chapter 74 of the Kansas Statutes Annotated, and amendments thereto, and such surveyor's authorized agents and employees who enter upon lands, waters and other premises in the making of a survey.

Sec. 86. K.S.A. 2005 Supp. 21-3843, as amended by section 1 of 2006 House Bill No. 2617, is hereby amended to read as follows: 21-3843. (a) Violation of a protective order is knowingly or intentionally violating:

(1) A protection from abuse order issued pursuant to K.S.A. 60-3105, 60-3106 and 60-3107, and amendments thereto;

(2) a protective order issued by a court or tribunal of any state or Indian tribe that is consistent with the provisions of 18 U.S.C. 2265, and amendments thereto;

(3) a restraining order issued pursuant to ~~K.S.A. 38-1542, 38-1543, 38-1563 and sections 38, 39 and 50 and~~ K.S.A. 60-1607, and amendments thereto;

(4) an order issued in this or any other state as a condition of pretrial release, diversion, probation, suspended sentence, postrelease supervision or at any other time during the criminal case that orders the person to refrain from having any direct or indirect contact with another person;

(5) an order issued in this or any other state as a condition of release after conviction or as a condition of a supersedeas bond pending disposition of an appeal, that orders the person to refrain from having any direct or indirect contact with another person; or

(6) a protection from stalking order issued pursuant to K.S.A. 60-31a05 or 60-31a06, and amendments thereto.

(b) As used in this section, "order" includes any order issued by a municipal or district court.

(c) Violation of a protective order is a class A person misdemeanor.

(d) This section shall be part of and supplemental to the Kansas criminal code.;

On page 126, in line 31, by striking "or" and inserting a comma; also in line 31, after "(d)(3)" by inserting "or (d)(11)";

On page 158, in line 35, by striking "21-3843," and inserting ", as amended by section 6 of 2006 House Bill No. 2703, 21-3843, as amended by section 1 of 2006 House Bill No. 2617,";

In the title, in line 21, by striking "21-3843," and inserting ", as amended by section 6 of 2006 House Bill No. 2703, 21-3843, as amended by section 1 of 2006 House Bill No. 2617,";

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

JOHN VRATIL  
TERRY BRUCE  
GRETA GOODWIN  
*Conferees on part of Senate*

MICHAEL R. O'NEAL  
LANCE KINZER  
JANICE L. PAULS  
*Conferees on part of House*

On motion of Rep. Kinzer, the conference committee report on **HB 2352** was adopted. Call of the House was demanded.

On roll call, the vote was: Yeas 118; Nays 2; Present but not voting: 0; Absent or not voting: 5.

Yeas: Aurand, Ballard, Beamer, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Kirk, Knox, Krehbiel, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pilcher-Cook, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Storm, Svaty, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: McKinney, Ward.

Present but not voting: None.

Absent or not voting: Bethell, Edmonds, O'Neal, Powers, Sloan.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 297**, 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.

RAY MERRICK  
JOE MCLELAND  
JANICE L. PAULS  
*Conferees on part of House*

PETE BRUNGARDT  
ROGER P. REITZ  
ANTHONY HENSLEY  
*Conferees on part of Senate*

On motion of Rep. McLeland, the conference committee report on **SB 297** was adopted. Speaker Mays thereupon appointed Reps. Merrick, McLeland and Pauls as second conferees on the part of the House.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 479**, submits the following report:

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

On page 1, by striking all in lines 18 through 43;

By striking all on pages 2 through 7;

On page 8, by striking all in lines 1 through 18 and inserting:

“New Section 1. Sections 1 through 21 may be referred to as the private contract prison act.

New Sec. 2. As used in the private contract prison act:

(a) “Private contract prison” means a correctional facility situated in this state that is not owned by the state of Kansas or any subdivision thereof or by the federal government or any subdivision thereof.

(b) “Private owner” means any corporation, partnership, limited liability company, trust, person or other legal entity that engages in, or proposes to engage in, the construction or ownership or both of a private contract prison in this state.

(c) “Private operator” means any corporation, partnership, limited liability company, person or other legal entity that engages in, or proposes to engage in, the operation of a private contract prison in this state.

(d) “Private contractor” means a private owner or a private operator or both.

(e) “Secretary” means the secretary of corrections.

(f) “Department” means the department of corrections.

(g) “Applicant” means a private contractor making application to the department of corrections for a license as provided by this act.

(h) “Licensee” means a private contractor to which a valid license has been issued by the department of corrections as provided by this act.

(i) “Private correctional officer” means a correctional officer as defined by subsection (f) of K.S.A. 75-5202, and amendments thereto, except that such officer is not an employee of the state of Kansas or any subdivision thereof.

(j) “Non-Kansas inmate” means any inmate in the custody of any jurisdiction other than the state of Kansas or any of its political subdivisions.

(k) “Kansas inmate” means any inmate in the custody of the secretary of corrections.

New Sec. 3. Except as authorized by K.S.A. 75-52,127 or 75-52,133, and amendments thereto, no private contractor shall authorize, construct, own or operate any private contract prison in this state for the placement or confinement of inmates unless such private contractor possesses a valid license as provided by this act.

New Sec. 4. The secretary is hereby authorized to license, monitor and regulate one or more private contractors meeting the requirements of this act to construct, own or operate one or more private contract prisons in this state.

New Sec. 5. The secretary shall not approve any application for a license pursuant to this act unless the secretary has, after due diligence, made the following findings:

(a) The applicant has the qualifications, experience and management personnel necessary to design, construct, own or operate a private contract prison in a manner that satisfies the requirements of this act;

(b) the applicant has the ability, if circumstances warrant, to expedite the siting, design and construction of a private contract prison;

(c) the applicant has the ability to comply with applicable laws, court orders and state and national correctional standards; and

(d) if Kansas inmates are being housed in the private contract prison, the private operator has the ability to provide correctional services to the state of Kansas at a cost that is no more than 90% of the department’s average per capita operating cost for the previous fiscal year for comparable state correctional facilities and services.

New Sec. 6. Any license issued pursuant to this act shall require as conditions of such license all of the following:

(a) All private correctional officers employed by the licensee must be certified, at the licensee’s expense, as having met the minimum qualifications and training requirements established for correctional officers by the secretary and as are required of state correctional officers;

(b) the design for any private contract prison constructed, owned or operated by the licensee shall meet or exceed all requirements of the association responsible for adopting national correctional standards consistent with the American correctional association standards as determined by the secretary;

(c) the design for any private contract prison, including, but not limited to, siting, shall meet or exceed any standard established by the secretary;

(d) the licensee shall at all times consult the secretary during the design and construction of the private contract prison;

(e) the licensee shall indemnify the state and the secretary, including their subdivisions, officials and agents, against any and all liability including, but not limited to, any civil rights claims. The secretary shall require proof of satisfactory insurance, the amount to be determined by the secretary;

(f) the licensee shall seek, obtain and maintain accreditation by the American correctional association and the national commission on correctional health care. In addition, the licensee shall comply with those associations' amendments to the accreditation standards upon approval of such amendments by the secretary. The secretary shall not unreasonably withhold approval so as to facilitate compliance with required standards by the licensee;

(g) the licensee shall agree to abide by operations standards for correctional facilities as adopted by the secretary;

(h) if Kansas inmates are being housed in the private contract prison, the licensee shall be responsible for the range of dental, medical and psychological services and diet, education and work programs at least equal to those services and programs provided by the secretary at comparable state correctional facilities. The work and education programs shall be designed to reduce recidivism;

(i) the secretary shall monitor all private contract prisons and the secretary and the department shall have unrestricted access to all private contract prisons for that purpose. The licensee shall bear the costs of monitoring the facility;

(j) if the department contracts to house Kansas inmates at the licensee's private contract prison, the licensee shall incarcerate all inmates assigned to the private contract prison by the department and as specified by the contract and may not reject inmates assigned to it by the department. The department shall have the right of first refusal to any space in the licensee's private contract prison, whether or not such space is occupied by non-Kansas inmates. The department may not exceed the maximum occupancy designated in the contract for the private contract prison;

(k) the licensee may not benefit financially from the labor of inmates except that inmates housed in any private contract prison operated by the licensee in this state may be given job assignments that assist in the operation and maintenance of the facility, including but not limited to janitorial or food service, or constitute work crews for the state or nearby communities if the inmates have the appropriate custody designation;

(l) if the licensee enters into a contract to house non-Kansas inmates, the licensee must require as a condition of that contract that each such inmate to be released from custody must be released in the sending state;

(m) whenever any non-Kansas inmate is proposed to be brought into this state for the purpose of being incarcerated at a private contract prison, all records regarding each such inmate, including, but not limited to, custody records, facility history records, disciplinary records and medical and mental health records, shall be reviewed by the department prior to such inmate being transported into this state. The cost of such review shall be borne by the licensee through the administration of the licensing fee pursuant to section 21, and amendments thereto. The secretary shall have authority to refuse to allow any non-Kansas inmate to be transported to or incarcerated in any private contract prison;

(n) the licensee shall be subject to review by the legislative division of post audit; and

(o) any other provision the secretary considers necessary and appropriate for carrying out the purpose of this act.

New Sec. 7. No license issued pursuant to this act shall be construed as authorizing, allowing or delegating authority to the licensee to:

(a) With regard to Kansas inmates being housed at a private contract prison, reject any inmate appropriately classified by the Kansas custody classification system for the custody level or levels of the private facility;

(b) with regard to Kansas inmates who are being housed at a private contract prison, develop or adopt disciplinary rules or penalties that differ from the disciplinary rules and penalties that apply to inmates housed in correctional facilities operated by the secretary. With regard to non-Kansas inmates, the licensee may develop or adopt disciplinary rules or penalties consistent with the requirements of the sending entity provided that the secretary shall retain authority to review and approve or reject any such rules or penalties;

(c) make a final determination on a disciplinary action that affects the liberty of an inmate. The licensee may remove an inmate from the general prison population during an emergency, before final resolution of a disciplinary hearing in response to an inmate's request for assigned housing in protective custody or when otherwise necessary to maintain order and security of the private contract prison;

(d) make a decision that affects the sentence imposed upon or the time served by an inmate, including a decision to award, deny or forfeit earned time;

(e) make recommendations to the Kansas parole board with respect to the denial or granting of parole or release except the licensee may submit written reports to the Kansas parole board and shall respond to any written request for information by the Kansas parole board;

(f) develop and implement requirements that inmates engage in any type of work not previously authorized in this act, except to the extent that those requirements are accepted by the department; and

(g) determine inmate eligibility for any form of release from a correctional facility including any private contract prison.

New Sec. 8. (a) No private contract prison shall house inmates until:

(1) The private operator has submitted to the secretary, and the secretary has approved, a plan for the secretary to assume temporary control and operation of the private contract prison in the event the private operator becomes unable to meet the requirements of this act;

(2) each private contractor, whether a private owner or a private operator, or both, involved in the private contract prison has submitted to the secretary, and the secretary has approved, a plan for the temporary assumption of operations and purchase of the private contract prison by the secretary in the event of bankruptcy or the financial insolvency of any such private contractor;

(3) the private operator has submitted to the secretary, and the secretary has approved, a plan to address emergencies including, but not limited to, inmate disturbances, employee work stoppages, employee strikes, escapes, natural disaster threats, bomb threats, riots, hunger strikes, taking of hostages, fires, explosions, evacuations, hazardous material spills or other serious events. The plan shall comply with applicable national correctional standards. The plan shall identify how the state shall recover its costs for such assumptions of operation or other interventions. The private operator shall be liable for all expenses incurred by the state and its subdivisions in responding to any emergency or serious event. Such expenses shall be consistent with the department's policies and procedures concerning such emergency or serious event; and

(4) the private operator shall reimburse Kansas state agencies or political subdivisions of the state for all costs incurred by such entities with respect to the investigation, prosecution, detention, criminal defense or appellate litigation, without regard to whether conviction is obtained, of a Kansas or non-Kansas inmate charged with a crime resulting from criminal conduct allegedly committed within the private contract prison, or a non-Kansas inmate who escapes and allegedly commits criminal conduct.

(b) The secretary may from time to time require the private contractor to review, revise or update any plan required by this section. The private contractor shall comply promptly with any request by the secretary pursuant to this subsection, and failure by any private contractor to do so within a reasonable period of time shall constitute cause for suspension of such private contractor's license.

(c) Nothing in this section shall be construed to require the state to purchase or lease any private contract prison or to assume responsibility for the operation of any private contract prison or to assume costs associated with events described in this section.

New Sec. 9. The secretary may suspend or revoke a license for cause, including, but not limited to, failure to obtain or maintain facility accreditation or failure to comply with any requirement of this act, after written notice of material deficiencies and after 60 workdays have been provided to the contractor to submit a plan of action to correct the material deficiencies.

New Sec. 10. If, as determined by the secretary, an emergency occurs involving the noncompliance with or violation of the requirements of this act and presents a serious threat to the safety, health or security of the inmates, employees or the public, the secretary may require immediate or timely corrective action or may, without prior notice, temporarily assume operation and control of the private contract prison. Nothing in this section shall be construed to require the state to assume responsibility for the operation of private contract prisons or for costs associated with events described in this section. If the state chooses, it may assume responsibility upon approval by the legislature through the enactment of legislation.

New Sec. 11. If a private owner intends to sell, convey, transfer, donate, trade, barter or otherwise alienate title to a private contract prison, the private owner shall first give notice of such intent to the secretary. The state shall have the right of first refusal to lease or purchase such private contract prison at fair market value, although the state shall not be required to do so. Except as provided in this section, a private contract prison may be transferred only to an entity that is licensed as required by this act.

New Sec. 12. Each private operator shall require applicants for employment at a private contract prison to submit a set of fingerprints to the Kansas bureau of investigation for a criminal background check. The Kansas bureau of investigation may accept fingerprints of individuals who apply for employment at a private contract prison and who shall be subject to background checks. For the purpose of conducting background checks, to the extent provided for by federal law, the Kansas bureau of investigation may exchange with the secretary criminal history records, whether state, multi-state or federal, of individuals who apply for employment at a private contract prison.

New Sec. 13. This act shall not apply to the contracts between cities and counties and the secretary under which the city or county agrees to house the backlog of inmates as provided by K.S.A. 75-52,128 and 75-52,129, and amendments thereto, which contracts shall be governed by such.

New Sec. 14. Any private operator licensed under this act shall collect and maintain data with respect to all Kansas and non-Kansas inmates housed by the private contractor, in a fashion compatible with Kansas department of corrections practices and procedures for inmate data collection and maintenance, as specified by the secretary.

New Sec. 15. (a) Any county that meets the requirements of this section may contract with a private contractor to develop and construct, own or operate a private contract prison in such county.

(b) No private contract prison shall be constructed, owned or operated pursuant to this act in any county unless the county commission has received written notice of approval from the sheriff of such county and the secretary of corrections. Upon receipt of such notice, the board shall adopt a resolution placing on the ballot the question in subsection (c). No private prison shall be constructed pursuant to this section until the question has been submitted to and approved by a majority of the qualified voters of the county voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law.

(c) The form of the question described in subsection (b) shall be: "Shall construction and operation of a private contract prison, pursuant to the Private Contract Prison Act, be allowed in \_\_\_\_\_ County?"

(d) Except for land donation, no direct incentives, such as property tax abatement, industrial revenue bonds, tax increment financing or utility cost reductions, shall be offered by the county to the private contractor wishing to construct, own or operate a private contract prison in such county.

(e) At the discretion of the parties, the contract may allow for the leasing of the private contract prison by the private owner to the county or to the state.

New Sec. 16. No contract for site construction between the county and the private contractor authorized by this act shall enter into force until reviewed and approved by the attorney general, as to form and legal sufficiency, and the secretary, as to the determination of the best interests of the state of Kansas.

New Sec. 17. A contract entered into under this act does not accord third-party beneficiary status to any inmate or to any member of the general public.

New Sec. 18. In the event any provision of any contract authorized by this act conflicts with any provision of any license issued pursuant to this act, the provision of the license shall supersede the provision of the contract. In the event any provision of any contract authorized by this act conflicts with any provision of this act, the provision of this act shall supersede the provision of the contract.

New Sec. 19. Nothing in this act shall be construed as requiring the department of corrections to place Kansas inmates in any private facility constructed, owned or operated pursuant to this act. Placement of Kansas inmates in such private facility shall be at the discretion of the secretary based on department needs and the best interest of the state and shall only be pursuant to contract between the secretary and the private operator.

New Sec. 20. Not later than December 1 of each year, beginning with the 2006 fiscal year, the secretary shall submit a report to the speaker of the house of representatives and the president of the senate concerning the status of contracts in effect and licenses issued, and with respect to completed prisons, the effectiveness of each private contract prison operated pursuant to this act.

New Sec. 21. There is hereby created in the state treasury the corrections licensing fee fund. All moneys collected by the secretary from licensing application fees, monitoring fees, and any other fees authorized 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 to the credit of the corrections licensing fee fund. All the moneys collected and deposited pursuant to this subsection shall be used solely for payment of the costs associated with the implementation and enforcement of this act. The secretary shall establish rules and regulations prescribing the fees necessary for the implementation and enforcement of this act.

Sec. 22. K.S.A. 2005 Supp. 75-52,129 is hereby amended to read as follows: 75-52,129.

(a) The secretary of corrections is hereby authorized to negotiate and enter into contracts with Kansas cities and counties for the placement of inmates, who are classified as medium custody or any higher custody or security classification, in facilities owned and operated by the cities and counties. If the secretary of corrections proposes to place any inmates classified as medium custody or any higher custody classification for confinement in facilities other than correctional or other institutions or facilities owned and operated by the department of corrections or any other state agency, the secretary of corrections shall give first consideration to entering into contracts with Kansas cities and counties under this section before attempting to place any such inmate for confinement at any *private contract prison, as defined in section 2, and amendments thereto, or any* location outside the state of Kansas if the facilities to be provided under such contracts are substantially equal to *private contract prisons or facilities at locations outside the state of Kansas* and if arrangements can be made in a timely manner. Except as provided in subsection (b), the provisions of this section and any contract or preliminary letter of commitment entered into pursuant to this section shall not apply to any minimum custody or community custody status inmates, or any other custody or security classification lower than medium custody, or to any inmate who may be placed in a work release or prerelease program, center or facility by the secretary of corrections, who is eligible for parole or who is placed pursuant to the interstate corrections compact. Contracts entered into pursuant to this section shall not be subject to competitive bid requirements under K.S.A. 75-3739 and amendments thereto.

(b) The secretary shall not enter into any contract as provided in subsection (a) with any city or county of this state for the placement of inmates that does not provide that such city or county shall provide and maintain appropriate and recognized standards of safety, health and security.

New Sec. 23. The department of corrections is hereby authorized to initiate and complete a capital improvement project to construct inmate housing units. The secretary of corrections shall review and consult with the Kansas sentencing commission to determine the effect on the department of corrections of any legislation enacted by the 2006 legislature that increases prison population. The secretary of corrections shall identify the most safe and most cost-effective capacity expansion proposal by custody and gender at existing facilities and determine which option shall be constructed. The secretary of corrections shall inform the joint committee on state building construction of the option selected. The capital improvement project to construct inmate housing units is hereby approved for the department of corrections for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute. The department of corrections may make expenditures from the moneys received from the issuance of any such bonds for such capital improvement project, except that expenditures from the moneys received from the issuance of any such bonds for such capital improvement project shall not exceed \$20,500,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds issued for such capital improvement project during the construction of such project and any required reserves for the payment of principal and interest on the bonds. All moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants. Debt service for any such bonds for such capital improvement project shall be financed by appropriations from the state general fund or any appropriate special revenue fund or funds.

Sec. 24. K.S.A. 2005 Supp. 75-52,129 is hereby repealed.”; By renumbering the remaining section accordingly;

Also on page 8, in line 20, by striking “Kansas register” and inserting “statute book”;

In the title, by striking all in lines 13 and 14; in line 15, by striking all before the second “and” and inserting “correctional institutions; relating to the department of corrections’ capital improvement projects; private correctional facilities; amending K.S.A. 2005 Supp. 75-52,129”; also in line 15, by striking “sections” and inserting “section”;

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

MICHAEL R. O’NEAL  
LANCE KINZER  
JANICE L. PAULS  
*Conferees on part of House*

JOHN VRATIL  
TERRY BRUCE  
GRETA GOODWIN  
*Conferees on part of Senate*

On motion of Rep. Kinzer to adopt the conference committee report on **SB 479**, Rep. Brunk offered a substitute motion to not adopt the conference committee report and asked that a new conference committee be appointed. The motion was subsequently withdrawn.

The question then reverted back to the original motion of Rep. Kinzer to adopt the conference committee report. The motion did not prevail and the conference committee report on **SB 479** was not adopted.

On roll call, the vote was: Yeas 48; Nays 74; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Beamer, Brown, Brunk, Carlson, Carter, Colloton, Decker, Faber, Freeborn, George, Goico, Hayzlett, C. Holmes, Huebert, Huff, D. Johnson, E. Johnson, Kelley, Kelsey, Kilpatrick, Kinzer, Knox, Krehbiel, Landwehr, Lukert, Mast, Masterson, Mays, McLeland, Merrick, Jim Morrison, Judy Morrison, Neufeld, Olson, Otto, Owens, Pilcher-Cook, Proehl, Schwab, Schwartz, Shultz, Sloan, Svaty, Watkins, Williams, Wolf, Yonally.

Nays: Ballard, Bethell, Burgess, Burroughs, Carlin, Cox, Craft, Crow, Dahl, Davis, DeCastro, Dillmore, Faust-Goudeau, Feuerborn, Flaharty, Flora, Garcia, Gatewood, Gordon, Grange, Grant, Hawk, Henderson, Henry, Hill, Holland, M. Holmes, Horst, Humerickhouse, Huntington, Hutchins, Huy, Kiegerl, Kirk, Kuether, Lane, Light, Loganbill, Long,

Loyd, Mah, McCreary, McKinney, Menghini, F. Miller, M. Miller, Myers, O'Malley, Oharah, Pauls, Peck, Peterson, Phelps, Pottorff, Powell, Roth, Ruff, Ruiz, Sawyer, B. Sharp, S. Sharp, Siegfried, Storm, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Ward, Weber, Wilk, Winn, Yoder.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2555**, 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 Senate Committee amendments, as follows:

On page 4, in line 34, by striking "July 1" and inserting "March 31"; by striking all in lines 35 to 43;

By striking all on page 5;

On page 6, by striking all in lines 1 through 24 and inserting the following:

"Sec. 2. K.S.A. 2005 Supp. 46-2801 is hereby revived and amended to read as follows: 46-2801. (a) There is hereby created the joint committee on corrections and juvenile justice oversight which shall be within the legislative branch of state government and which shall be composed of no more than seven members of the senate and seven members of the house of representatives.

(b) The senate members shall be appointed by the president and the minority leader. The two major political parties shall have proportional representation on such committee. In the event application of the preceding sentence results in a fraction, the party having a fraction exceeding .5 shall receive representation as though such fraction were a whole number.

(c) The seven representative members shall be appointed as follows:

(1) Two members shall be members of the majority party who are members of the house committee on appropriations and shall be appointed by the speaker;

(2) two members shall be members of the majority party who are members of the house committee on ~~corrections and juvenile justice~~ *judiciary* and shall be appointed by the speaker; and

(3) three members shall be members of the minority party who are members of the house committee on appropriations or the house committee on ~~corrections and juvenile justice~~ *judiciary* and shall be appointed by the minority leader.

(d) Any vacancy in the membership of the joint committee on corrections and juvenile justice oversight shall be filled by appointment in the manner prescribed by this section for the original appointment.

(e) All members of the joint committee on corrections and juvenile justice oversight shall serve for terms ending on the first day of the regular legislative session in odd-numbered years. The joint committee shall organize annually and elect a chairperson and vice-chairperson in accordance with this subsection. During odd-numbered years, the chairperson shall be one of the representative members of the joint committee elected by the members of the joint committee and the vice-chairperson shall be one of the senate members elected by the members of the joint committee. During even-numbered years, the chairperson shall be one of the senate members of the joint committee elected by the members of the joint committee and the vice-chairperson shall be one of the representative members of the joint committee elected by the members of the joint committee. The vice-chairperson shall exercise all of the powers of the chairperson in the absence of the chairperson. If a vacancy occurs in the office of chairperson or vice-chairperson, a member of the joint committee, who is a member of the same house as the member who vacated the office, shall be elected by the members of the joint committee to fill such vacancy. Within 30 days after the effective date of this act, the joint committee shall organize and elect a chairperson and a vice-chairperson in accordance with the provisions of this act.

(f) A quorum of the joint committee on corrections and juvenile justice oversight shall be eight. All actions of the joint committee shall be by motion adopted by a majority of those present when there is a quorum.

(g) The joint committee on corrections and juvenile justice oversight may meet at any time and at any place within the state on the call of the chairperson, vice-chairperson and ranking minority member of the house of representatives when the chairperson is a representative or of the senate when the chairperson is a senator.

(h) The provisions of the acts contained in article 12 of chapter 46 of the Kansas Statutes Annotated, and amendments thereto, applicable to special committees shall apply to the joint committee on corrections and juvenile justice oversight to the extent that the same do not conflict with the specific provisions of this act applicable to the joint committee.

(i) In accordance with K.S.A. 46-1204, and amendments thereto, the legislative coordinating council may provide for such professional services as may be requested by the joint committee on corrections and juvenile justice oversight.

(j) The joint committee on corrections and juvenile justice oversight may introduce such legislation as it deems necessary in performing its functions.

(k) In addition to other powers and duties authorized or prescribed by law or by the legislative coordinating council, the joint committee on corrections and juvenile justice oversight shall:

(1) Monitor the inmate population and review and study the programs, activities and plans of the department of corrections regarding the duties of the department of corrections that are prescribed by statute, including the implementation of expansion projects, the operation of correctional, food service and other programs for inmates, community corrections, parole and the condition and operation of the correctional institutions and other facilities under the control and supervision of the department of corrections;

(2) monitor the establishment of the juvenile justice authority and review and study the programs, activities and plans of the juvenile justice authority regarding the duties of the juvenile justice authority that are prescribed by statute, including the responsibility for the care, custody, control and rehabilitation of juvenile offenders and the condition and operation of the state juvenile correctional facilities under the control and supervision of the juvenile justice authority;

(3) review and study the adult correctional programs and activities and facilities of counties, cities and other local governmental entities, including the programs and activities of private entities operating community correctional programs and facilities and the condition and operation of jails and other local governmental facilities for the incarceration of adult offenders;

(4) review and study the juvenile offender programs and activities and facilities of counties, cities, school districts and other local governmental entities, including programs for the reduction and prevention of juvenile crime and delinquency, the programs and activities of private entities operating community juvenile programs and facilities and the condition and operation of local governmental residential or custodial facilities for the care, treatment or training of juvenile offenders;

(5) study the progress and results of the transition of powers, duties and functions from the department of social and rehabilitation services, office of judicial administration and department of corrections to the juvenile justice authority; and

(6) make an annual report to the legislative coordinating council as provided in K.S.A. 46-1207, and amendments thereto, and such special reports to committees of the house of representatives and senate as are deemed appropriate by the joint committee.

~~(4) The provisions of this section shall expire on December 31, 2005.~~;

Also on page 6, in line 25, by striking "K.S.A. 65-4150 and"; also in line 25, following "22-5101" by inserting "and 46-2801, as revived by this act";

In the title, in line 12, by striking "drug paraphernalia" and inserting "joint committee on corrections and juvenile justice oversight"; also in line 12, by striking "K.S.A. 65-4150 and"; in line 13, by striking "sections" and inserting "section"; also in line 13, before the period, by inserting "; reviving and amending K.S.A. 2005 Supp. 46-2801 and repealing the revived section";

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

JOHN VRATIL  
DEREK SCHMIDT  
GRETA GOODWIN  
*Conferees on part of Senate*

MICHAEL R. O'NEAL  
LANCE KINZER  
JANICE L. PAULS  
*Conferees on part of House*

On motion of Rep. Kinzer, the conference committee report on **HB 2555** was adopted.

On roll call, the vote was: Yeas 121; Nays 0; Present but not voting: 0; Absent or not voting: 4.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Kirk, Knox, Krehbiel, Kuether, Landwehr, Lane, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pilcher-Cook, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafanelli, Thull, Treasurer, Trimmer, Vickrey, Ward, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: None.

Present but not voting: None.

Absent or not voting: Edmonds, Light, O'Neal, Powers.

#### MESSAGE FROM THE SENATE

The President announced the appointment of Senator Vratil as a member of the conference committee on **SB 297** to replace Senator Reitz.

The House stood at ease until the sound of the gavel.

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Speaker Mays called the House to order.

#### INTRODUCTION OF ORIGINAL MOTIONS

On motion of Rep. Aurand, 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 **SB 324**.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 324**, submits the following report:

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

On page 2, in line 23, by striking "2005" and inserting "2004";

On page 3, in line 22, by striking "2005" and inserting "2004";

On page 6, in line 29, by striking "2005" and inserting "2004";

On page 7, following line 25, by inserting the following:

"Sec. 5. K.S.A. 2005 Supp. 12-1773 is hereby amended to read as follows: 12-1773. (a) Any city which has adopted a redevelopment project plan in accordance with the provisions of this act may purchase or otherwise acquire real property in connection with such project plan. Upon a  $\frac{2}{3}$  vote of the members of the governing body thereof a city may acquire by condemnation any interest in real property, including a fee simple title thereto, which it

deems necessary for or in connection with any project plan of an area located within the redevelopment district. Prior to the exercise of such eminent domain power, the city shall offer to the owner of any property which will be subject to condemnation with respect to any redevelopment project, other than one which includes an auto race track facility or a special bond project, compensation in an amount equal to the highest appraised valuation amount determined for property tax purposes by the county appraiser for any of the three most recent years next preceding the year of condemnation, except that, if in the year next preceding the year of condemnation any such property had been damaged or destroyed by fire, flood, tornado, lightning, explosion or other catastrophic event, the amount offered should be equal to the appraised valuation of the property which would have been determined taking into account such damage or destruction unless such property has been restored, renovated or otherwise improved. However no city shall exercise such eminent domain power to acquire real property in a conservation area. Any such city may exercise the power of eminent domain in the manner provided by K.S.A. 26-501 et seq., and amendments thereto. In addition to the compensation or damage amount finally awarded thereunder with respect to any property subject to proceedings thereunder as a result of the construction of an auto race track facility or a special bond project, such city shall provide for the payment of an amount equal to 25% of such compensation or damage amount. In addition to any compensation or damages allowed under the eminent domain procedure act, such city shall also provide for the payment of relocation assistance as provided in K.S.A. 12-1777, and amendments thereto.

(b) Any *real* property acquired by a city under the provisions of this ~~act~~ section may be sold, transferred or leased to a developer, in accordance with the redevelopment project plan and under such other conditions as may be agreed upon. *Any real property sold, transferred or leased to a redevelopment project developer for a specific redevelopment project shall be sold, transferred or leased to such developer on the condition that such property shall be used only for that specific approved redevelopment project. If the developer does not utilize the entire tract of the real property sold, transferred or leased, that portion of property not used shall not be sold, transferred or leased by the developer to another developer or party, but shall be deeded back to the city. If the developer paid the city for the land, a percentage of the original purchase price paid to the city which represents the percentage of the entire tract being deeded back to the city shall be reimbursed to the developer upon the deeding of the property back to the city.*

(c) *Any transfer by the redevelopment project developer of real property acquired pursuant to this section shall be valid only if approved by a 2/3 majority vote of the members-elect of the governing body.*

New Sec. 6. (a) The secretary of commerce shall provide access to workforce training for every qualified older Kansan who desires such training. To accomplish this, the secretary, in coordination with the area agencies on aging and the older Kansans employment program, shall prepare a strategic plan and amend the state plan as appropriate, to outline the proposed delivery of training to older Kansans. Such strategic plan shall be submitted to the legislature by August 1, 2006, and thereafter whenever the state plan is amended, and shall contain the following information:

- (1) How resources may be used to ensure every qualified older Kansan has access to workforce development;
- (2) the minimum amount of money the department plans to spend on workforce development for older Kansans;
- (3) examples of programs the department plans to implement or enhance to promote workforce development for older Kansans;
- (4) specific measurable criteria that will be used to determine the effectiveness of the department's plan;
- (5) designated target areas for funding and the projected source of that funding;
- (6) a statement regarding the programs and training that will be provided and how such programs and training will be developed; and
- (7) a plan outlining how services will be marketed so that older Kansans will be aware of their availability.

(b) For the purposes of this section:

(1) "Kansas resident" means a person who lives in Kansas.

(2) "Older Kansan" has the meaning provided in K.S.A. 75-5741, and amendments thereto.

(3) "Workforce development" means training of present, prospective or potential employees for jobs presently available or expected to be available in the future, based upon economic forecasts.

(4) "Qualified older Kansan" means an older Kansan who meets the guidelines for participating in the workforce development program.;

And by renumbering the remaining sections accordingly;

Also on page 7, in line 26, following "Supp." by inserting "12-1773,;"

On page 1, in the title, in line 12, preceding "amending" by inserting "relating to entrepreneurship, eminent domain and workforce development,;" in line 13, following "Supp." by inserting "12-1773,;"

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

LANA GORDON

TERRIE HUNTINGTON

VALDENIA WINN

*Conferees on part of House*

NICK JORDAN

KARIN BROWNLEE

LAURA KELLY

*Conferees on part of Senate*

On motion of Rep. Gordon, the conference committee report on **SB 324** was adopted.

Call of the House was demanded.

On roll call, the vote was: Yeas 119; Nays 3; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kirk, Knox, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Ward, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: Kinzer, Krehbiel, Pilcher-Cook.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

On motion of Rep. Aurand, the House recessed until 7:00 p.m.

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## EVENING SESSION

The House met pursuant to recess with Speaker Mays in the chair.

### INTRODUCTION OF ORIGINAL MOTIONS AND HOUSE RESOLUTIONS

On emergency motion of Rep. Craft, **HR 6039**, by Reps. Craft, Decker, Schwartz, Carlin and Hawk, as follows, was introduced and adopted:

## HOUSE RESOLUTION No. 6039—

A RESOLUTION recognizing the first territorial capitol of Kansas.

WHEREAS, In 1854, the Kansas-Nebraska Act created the Kansas territory and President Franklin Pierce appointed Andrew H. Reeder as governor of the Kansas territory, Governor Reeder selected the little settlement of Pawnee, located on land near the Fort Riley military reserve and on the banks of the Kansas River as the location of the first territorial capitol of Kansas; and

WHEREAS, The first territorial election was held on March 30, 1855, wherein companies of proslavery Missourians invaded Kansas and overwhelmingly elected a Missourian in almost every district, the stage was set for the events that took place in July 1855 at the first territorial capitol; and

WHEREAS, The legislature convened at the first territorial capitol on July 2, 1855, during which the only members of the body who were freestaters were ejected from the body, Judge John Wakefield as he left the chamber made the prophetic statement, "Gentlemen, this is a memorable day and it may become even more so, for your acts will be the means of lighting the watch fires of war in our land"; and

WHEREAS, From that day forward the stage was set for the battle over slavery in Kansas marking the first territorial capitols' place in the history of Kansas and the United States of America; and

WHEREAS, The first territorial capitol building was rebuilt from its ruins in 1928 by the Union Pacific Railroad; and

WHEREAS, The first territorial capitol has a strong volunteer organization called the partners of the first territorial capitol with Norm Childs as president@d

WHEREAS, The partners of the first territorial capitol act as a liaison between the Kansas state historical society to keep the first territorial capitol open to the public and help to support programs to preserve the history of the first territorial capitol: Now, therefore,

*Be it resolved by the House of Representatives of the State of Kansas:* That we recognize the historic impact of the first territorial capitol of Kansas and its importance as a historical site to the citizens of Kansas and the United States of America.

Rep. Craft addressed a few remarks to the member of the House concerning the first territorial capitol which is located at Fort Riley. Rep. Hawk gave the background on Andrew Horatio Reeder, who was commissioned as the first governor of Kansas Territory on June 29, 1854; and Rep. Carlin invited everyone to visit the capitol building which is open to the public. A volunteer organization helps support programs to preserve the history of the first territorial capitol.

**MESSAGE FROM THE SENATE**

The Senate adopts conference committee report on **S. Sub. for HB 2105**.

The Senate adopts conference committee report on **HB 2576**.

The Senate adopts conference committee report on **S. Sub. for HB 2928**.

The President announced the appointment of Senator Reitz as a member of the conference committee on **SB 297** to replace Senator Vratil.

The Senate adopts the conference committee report to agree to disagree on **SB 297** and has appointed Senators Brungardt, Vratil and Hensley as second conferees on the part of the Senate.

The Senate not adopts the conference committee report on **HB 2809**, requests a new conference committee be appointed and has appointed Senators Schodorf, Vratil and Lee as fourth conferees on the part of the Senate.

**INTRODUCTION OF ORIGINAL MOTIONS**

On motion of Rep. Aurand, the House acceded to the request of the Senate for a conference on **HB 2809**.

Speaker Mays thereupon appointed Reps. Decker, Hayzlett and Crow as fourth conferees on the part of the House.

**INTRODUCTION OF ORIGINAL MOTIONS**

On motion of Rep. Aurand, 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 **SB 55, SB 404, SB 432; H. Sub. for SB 435; SB 365; S. Sub. for HB 2105; S. Sub. for HB 2928.**

**CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **Senate Substitute for HB 2105**, 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 Senate Committee of the Whole amendments, as follows:

On page 1, by striking all in lines 15 through 43;

On page 2, by striking all in lines 1 through 19 and inserting the following:

“Section 1. (a) There is hereby created in the office of the attorney general an abuse, neglect and exploitation of persons unit.

(b) Except as provided by subsection (h), the information obtained and the investigations conducted by the unit shall be confidential as required by state or federal law. Upon request of the unit, the unit shall have access to all records of reports, investigation documents and written reports of findings related to confirmed cases of abuse, neglect or exploitation of persons or cases in which there is reasonable suspicion to believe abuse, neglect or exploitation of persons has occurred which are received or generated by the department of social and rehabilitation services, department on aging or department of health and environment.

(c) Except for reports alleging only self-neglect, such state agency receiving reports of abuse, neglect or exploitation of persons shall forward to the unit:

(1) Within 10 days of confirmation, reports of findings concerning the confirmed abuse, neglect or exploitation of persons; and

(2) within 10 days of such denial, each report of an investigation in which such state agency was denied the opportunity or ability to conduct or complete a full investigation of abuse, neglect or exploitation of persons.

(d) On or before the first day of the regular legislative session each year, the unit shall submit to the legislature a written report of the unit’s activities, investigations and findings for the preceding fiscal year.

(e) The attorney general shall adopt rules and regulations as deemed appropriate for the administration of this section.

(f) No state funds appropriated to support the provisions of the abuse, neglect or exploitation of persons unit and expended to contract with any third party shall be used by a third party to file any civil action against the state of Kansas or any agency of the state of Kansas. Nothing in this section shall prohibit the attorney general from initiating or participating in any civil action against any party.

(g) The attorney general may contract with other agencies or organizations to provide services related to the investigation or litigation of findings related to abuse, neglect or exploitation of persons.

(h) Notwithstanding any other provision of law, nothing shall prohibit the attorney general or the unit from distributing or utilizing only that information obtained pursuant to a confirmed case of abuse, neglect or exploitation or cases in which there is reasonable suspicion to believe abuse, neglect or exploitation has occurred pursuant to this section with any third party contracted with by the attorney general to carry out the provisions of this section.”;

Also on page 2, in line 21, by striking “statute book” and inserting “Kansas register”;

In the title, in line 10, by striking “with dis-”; in line 11, by striking “abilities”;

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

DWAYNE UMBARGER

JAY SCOTT EMLER

JIM BARONE

*Conferees on part of Senate*

MELVIN J. NEUFELD  
 BRENDA K. LANDWEHR  
 JERRY HENRY

*Conferees on part of House*

On motion of Rep. Neufeld, the conference committee report on **S. Sub. for HB 2105** was adopted.

On roll call, the vote was: Yeas 122; Nays 0; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Kirk, Knox, Krehbiel, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pilcher-Cook, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafaneli, Thull, Treaster, Trimmer, Vickrey, Ward, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: None.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2576**, 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 Senate Committee of the Whole amendments, as follows:

On page 56, in line 16, preceding "On", by inserting "(1)"; preceding line 23, by inserting the following:

"(2) The provision of paragraph (1) requiring a mandatory minimum term of imprisonment of not less than 40 years shall not apply if the court finds:

(A) The defendant is an aggravated habitual sex offender and sentenced pursuant to section 1, and amendments thereto; or

(B) the defendant, because of the defendant's criminal history classification, is subject to presumptive imprisonment pursuant to the sentencing guidelines grid for nondrug crimes and the sentencing range exceeds 480 months. In such case, the defendant is required to serve a mandatory minimum term equal to the sentence established pursuant to the sentencing range.";

Also on page 56, in line 26, following "(a)(2)", by inserting "or subsection (b)(2)";

On page 57, after line 29, by inserting:

"New Sec. 4. (a) The department of corrections shall be required to review and report on the following serious offenses committed by sex offenders, as defined by K.S.A. 22-4902, and amendments thereto, while such offenders are in the custody of the secretary of corrections:

- (1) Murder in the first degree, as provided in K.S.A. 21-3401, and amendments thereto;
- (2) murder in the second degree, as provided in K.S.A. 21-3402, and amendments thereto;
- (3) capital murder, as provided in K.S.A. 21-3439, and amendments thereto;
- (4) rape, as provided in K.S.A. 21-3502, and amendments thereto;
- (5) aggravated criminal sodomy, as provided in K.S.A. 21-3506, and amendments thereto;
- (6) sexual exploitation of a child, as provided in K.S.A. 21-3516, and amendments thereto;
- (7) kidnapping as provided in K.S.A. 21-3420, and amendments thereto,
- (8) aggravated kidnapping, as provided in K.S.A. 21-3421, and amendments thereto;

- (9) criminal restraint, as provided in K.S.A. 21-3424, and amendments thereto;
- (10) indecent solicitation of a child, as provided in K.S.A. 21-3510, and amendments thereto;
- (11) aggravated indecent solicitation of a child, as provided in K.S.A. 21-3511, and amendments thereto;
- (12) indecent liberties with a child, as provided in K.S.A. 21-3503, and amendments thereto;
- (13) aggravated indecent liberties with a child, as provided in K.S.A. 21-3504, and amendments thereto;
- (14) criminal sodomy, as provided in K.S.A. 21-3505, and amendments thereto;
- (15) aggravated child abuse, as provided in K.S.A. 21-3609, and amendments thereto;
- (16) aggravated robbery, as provided in K.S.A. 21-3427, and amendments thereto;
- (17) burglary, as provided in K.S.A. 21-3715, and amendments thereto;
- (18) aggravated burglary, as provided in K.S.A. 21-3716, and amendments thereto;
- (19) theft, as provided in K.S.A. 21-3701, and amendments thereto;
- (20) vehicular homicide, as provided in K.S.A. 21-3405, and amendments thereto;
- (21) involuntary manslaughter while driving under the influence, as provided in K.S.A. 21-3442, and amendments thereto; or
- (22) stalking, as provided in K.S.A. 21-3438, and amendments thereto.

(b) The secretary of corrections shall submit such report to the speaker of the house of representatives and the president of the senate annually, beginning January 1, 2007.

New Sec. 5. (a) The department of corrections shall be required to identify, assess and monitor high-risk sex offenders in the custody of the secretary of corrections.

(b) The department is directed to develop a graduated risk assessment that identifies, assesses and closely monitors a high-risk sex offender who is placed on postrelease supervision.

New Sec. 6. The Kansas board of education shall appoint a task force to study the feasibility of requiring all Kansas school districts to adopt district policies mandating all schools conduct a check of the internet site maintained by the Kansas bureau of investigation concerning registered offenders prior to permitting any unescorted, noninstructional personnel, including but not limited to, any vendor or entity under contract with the school board, to be on school grounds while students are present. The task force's study shall be completed and the task force shall submit a report containing its findings and recommendations to the Kansas board of education, the speaker of the house of representatives and the president of the senate on or before January 1, 2007.

New Sec. 7. (a) Electronic solicitation is, by means of communication conducted through the telephone, internet, or by other electronic means:

- (1) Enticing or soliciting a person whom the offender believes to be a child under the age of 16 to commit or submit to an unlawful sexual act; or
- (2) enticing or soliciting a person whom the offender believes to be a child under the age of 14 to commit or submit to an unlawful sexual act.

(b) Electronic solicitation as described in subsection (a)(1) is a severity level 3 person felony. Electronic solicitation as described in subsection (a)(2) is a severity level 1 person felony.

(c) For the purposes of this section, "communication conducted through the internet or by other electronic means" includes but is not limited to e-mail, chatroom chats and text messaging.

(d) This section shall be part of and supplemental to the Kansas criminal code.;

And by renumbering the remaining sections accordingly;

On page 62, by striking lines 42 through 43;

On page 63, by striking lines 1 through 17 and by inserting the following:

"Sec. 15. K.S.A. 2005 Supp. 21-4638 is hereby amended to read as follows: 21-4638. When it is provided by law that a person shall be sentenced pursuant to this section, such person shall be sentenced to imprisonment for life and shall not be eligible for probation or suspension, modification or reduction of sentence. Except as otherwise provided, in addition, a person sentenced pursuant to this section shall not be eligible for parole prior to serving 40 years' imprisonment, and such 40 years' imprisonment shall not be reduced

by the application of good time credits. For crimes committed on and after July 1, 1999, a person sentenced pursuant to this section shall not be eligible for parole prior to serving 50 years' imprisonment, and such 50 years' imprisonment shall not be reduced by the application of good time credits. *For crimes committed on or after July 1, 2006, a mandatory minimum term of imprisonment of 50 years shall not apply if the court finds that the defendant, because of the defendant's criminal history classification, is subject to presumptive imprisonment pursuant to the sentencing guidelines grid for nondrug crimes and the sentencing range exceeds 600 months. In such case, the defendant is required to serve a mandatory minimum term equal to the sentence established pursuant to the sentencing range.* Upon sentencing a defendant pursuant to this section, the court shall commit the defendant to the custody of the secretary of corrections and the court shall state in the sentencing order of the judgment form or journal entry, whichever is delivered with the defendant to the correctional institution, that the defendant has been sentenced pursuant to K.S.A. 21-4638 and amendments thereto.

Sec. 16. K.S.A. 2005 Supp. 21-4704, as amended by section 4 of 2006 Senate Bill No. 408, is hereby amended to read as follows: 21-4704. (a) For purposes of sentencing, the following sentencing guidelines grid for nondrug crimes shall be applied in felony cases for crimes committed on or after July 1, 1993:

SENTENCING RANGE - NONDRUG OFFENSES

Category	A	B	C	D	E	F	G	H	I
Severity Level	3 + Person Felonies	2 Person Felonies	1 Person & 1 Nonperson Felonies	1 Person Felony	3 + Nonperson Felonies	2 Nonperson Felonies	1 Nonperson Felony	2 + Misdemeanors	1 Misdemeanor No Record
I	653 620 592	618 586 554	285 272 258	267 253 240	246 234 221	226 214 203	203 195 184	186 176 166	165 155 147
II	493 467 442	460 438 416	216 205 194	200 190 181	184 174 165	168 160 152	154 146 138	138 131 123	123 117 109
III	247 233 221	228 216 206	107 102 96	100 94 89	92 88 82	83 79 74	77 72 68	71 66 61	61 59 55
IV	172 162 154	162 154 144	75 71 68	69 66 62	64 60 57	59 56 52	52 50 47	48 45 42	43 41 38
V	136 130 122	128 120 114	60 57 53	55 52 50	51 49 46	47 44 41	43 41 38	38 36 34	34 32 30
VI	46 43 40	41 39 37	38 36 34	36 34 32	32 30 28	29 27 25	26 24 22	21 20 19	19 18 17
VII	34 32 30	31 29 27	29 27 25	26 24 22	23 21 19	19 18 17	17 16 15	14 13 12	13 12 11
VIII	23 21 19	20 19 18	19 18 17	17 16 15	15 14 13	13 12 11	11 10 9	11 10 9	9 8 7
IX	17 16 15	15 14 13	13 12 11	13 12 11	11 10 9	10 9 8	9 8 7	8 7 6	7 6 5
X	13 12 11	12 11 10	11 10 9	10 9 8	9 8 7	8 7 6	7 6 5	7 6 5	6 5 4

LEGEND
Presumptive Probation
Black Box
Presumptive Imprisonment

(b) The provisions of this section shall be applicable to the sentencing guidelines grid for nondrug crimes. Sentences expressed in such grid represent months of imprisonment.

(c) The sentencing guidelines grid is a two-dimensional crime severity and criminal history classification tool. The grid's vertical axis is the crime severity scale which classifies current crimes of conviction. The grid's horizontal axis is the criminal history scale which classifies criminal histories.

(d) The sentencing guidelines grid for nondrug crimes as provided in this section defines presumptive punishments for felony convictions, subject to judicial discretion to deviate for substantial and compelling reasons and impose a different sentence in recognition of aggravating and mitigating factors as provided in this act. The appropriate punishment for a felony conviction should depend on the severity of the crime of conviction when compared to all other crimes and the offender's criminal history.

(e) (1) The sentencing court has discretion to sentence at any place within the sentencing range. The sentencing judge shall select the center of the range in the usual case and reserve the upper and lower limits for aggravating and mitigating factors insufficient to warrant a departure.

(2) In presumptive imprisonment cases, the sentencing court shall pronounce the complete sentence which shall include the prison sentence, the maximum potential reduction to such sentence as a result of good time and the period of postrelease supervision at the sentencing hearing. Failure to pronounce the period of postrelease supervision shall not negate the existence of such period of postrelease supervision.

(3) In presumptive nonprison cases, the sentencing court shall pronounce the prison sentence as well as the duration of the nonprison sanction at the sentencing hearing.

(f) Each grid block states the presumptive sentencing range for an offender whose crime of conviction and criminal history place such offender in that grid block. If an offense is classified in a grid block below the dispositional line, the presumptive disposition shall be nonimprisonment. If an offense is classified in a grid block above the dispositional line, the presumptive disposition shall be imprisonment. If an offense is classified in grid blocks 5-H, 5-I or 6-G, the court may impose an optional nonprison sentence upon making the following findings on the record:

(1) An appropriate treatment program exists which is likely to be more effective than the presumptive prison term in reducing the risk of offender recidivism; and

(2) the recommended treatment program is available and the offender can be admitted to such program within a reasonable period of time; or

(3) the nonprison sanction will serve community safety interests by promoting offender reformation.

Any decision made by the court regarding the imposition of an optional nonprison sentence if the offense is classified in grid blocks 5-H, 5-I or 6-G shall not be considered a departure and shall not be subject to appeal.

(g) The sentence for the violation of K.S.A. 21-3411, and amendments thereto, aggravated assault against a law enforcement officer or K.S.A. 21-3415, and amendments thereto, aggravated battery against a law enforcement officer and amendments thereto which places the defendant's sentence in grid block 6-H or 6-I shall be presumed imprisonment. The court may impose an optional nonprison sentence upon making a finding on the record that the nonprison sanction will serve community safety interests by promoting offender reformation. Any decision made by the court regarding the imposition of the optional nonprison sentence, if the offense is classified in grid block 6-H or 6-I, shall not be considered a departure and shall not be subject to appeal.

(h) When a firearm is used to commit any person felony, the offender's sentence shall be presumed imprisonment. The court may impose an optional nonprison sentence upon making a finding on the record that the nonprison sanction will serve community safety interests by promoting offender reformation. Any decision made by the court regarding the imposition of the optional nonprison sentence shall not be considered a departure and shall not be subject to appeal.

(i) The sentence for the violation of the felony provision of K.S.A. 8-1567, subsection (b)(3) of K.S.A. 21-3412a, subsections (b)(3) and (b)(4) of K.S.A. 21-3710, K.S.A. 21-4310 and K.S.A. 21-4318, and amendments thereto, shall be as provided by the specific mandatory

sentencing requirements of that section and shall not be subject to the provisions of this section or K.S.A. 21-4707 and amendments thereto. If because of the offender's criminal history classification the offender is subject to presumptive imprisonment or if the judge departs from a presumptive probation sentence and the offender is subject to imprisonment, the provisions of this section and K.S.A. 21-4707, and amendments thereto, shall apply and the offender shall not be subject to the mandatory sentence as provided in K.S.A. 21-3710, and amendments thereto. Notwithstanding the provisions of any other section, the term of imprisonment imposed for the violation of the felony provision of K.S.A. 8-1567, subsection (b)(3) of K.S.A. 21-3412a, subsections (b)(3) and (b)(4) of K.S.A. 21-3710, K.S.A. 21-4310 and K.S.A. 21-4318, and amendments thereto, shall not be served in a state facility in the custody of the secretary of corrections.

(j) (1) The sentence for any persistent sex offender whose current convicted crime carries a presumptive term of imprisonment shall be double the maximum duration of the presumptive imprisonment term. The sentence for any persistent sex offender whose current conviction carries a presumptive nonprison term shall be presumed imprisonment and shall be double the maximum duration of the presumptive imprisonment term.

(2) Except as otherwise provided in this subsection, as used in this subsection, "persistent sex offender" means a person who: (A) (i) Has been convicted in this state of a sexually violent crime, as defined in K.S.A. 22-3717 and amendments thereto; and (ii) at the time of the conviction under paragraph (A) (i) has at least one conviction for a sexually violent crime, as defined in K.S.A. 22-3717 and amendments thereto in this state or comparable felony under the laws of another state, the federal government or a foreign government; or (B) (i) has been convicted of rape, K.S.A. 21-3502, and amendments thereto; and (ii) at the time of the conviction under paragraph (B) (i) has at least one conviction for rape in this state or comparable felony under the laws of another state, the federal government or a foreign government.

(3) Except as provided in paragraph (2) (B), the provisions of this subsection shall not apply to any person whose current convicted crime is a severity level 1 or 2 felony.

(k) If it is shown at sentencing that the offender committed any felony violation for the benefit of, at the direction of, or in association with any criminal street gang, with the specific intent to promote, further or assist in any criminal conduct by gang members, the offender's sentence shall be presumed imprisonment. Any decision made by the court regarding the imposition of the optional nonprison sentence shall not be considered a departure and shall not be subject to appeal. As used in this subsection, "criminal street gang" means any organization, association or group of three or more persons, whether formal or informal, having as one of its primary activities the commission of one or more person felonies or felony violations of the uniform controlled substances act, K.S.A. 65-4101 et seq., and amendments thereto, which has a common name or common identifying sign or symbol, whose members, individually or collectively engage in or have engaged in the commission, attempted commission, conspiracy to commit or solicitation of two or more person felonies or felony violations of the uniform controlled substances act, K.S.A. 65-4101 et seq., and amendments thereto, or any substantially similar offense from another jurisdiction.

(l) The sentence for a violation of subsection (a) of K.S.A. 21-3715 and amendments thereto when such person being sentenced has a prior conviction for a violation of subsection (a) or (b) of K.S.A. 21-3715 or 21-3716 and amendments thereto shall be presumed imprisonment.

(m) *The sentence for a violation of K.S.A. 22-4903 or subsection (d) of K.S.A. 21-3812, and amendments thereto, shall be presumptive imprisonment. If an offense under such sections is classified in grid blocks 5-E, 5-F, 5-G, 5-H or 5-I, the court may impose an optional nonprison sentence upon making the following findings on the record:*

(1) *An appropriate treatment program exists which is likely to be more effective than the presumptive prison term in reducing the risk of offender recidivism, such program is available and the offender can be admitted to such program within a reasonable period of time; or*

(2) *the nonprison sanction will serve community safety interests by promoting offender reformation.*

*Any decision made by the court regarding the imposition of an optional nonprison sentence pursuant to this section shall not be considered a departure and shall not be subject to appeal.*

Sec. 17. K.S.A. 2005 Supp. 21-4706, as amended by section 8 of 2006 Senate Bill No. 25, is hereby amended to read as follows: 21-4706. (a) For crimes committed on or after July 1, 1993, the sentences of imprisonment shall represent the time a person shall actually serve, subject to a reduction of up to 15% of the primary sentence for good time as authorized by law.

(b) The sentencing court shall pronounce sentence in all felony cases.

(c) Violations of K.S.A. 21-3401, 21-3439 and 21-3801 and amendments thereto and sections 1 and 2 of 2006 Senate Bill No. 25, and amendments thereto, are off-grid crimes for the purpose of sentencing. Except as otherwise provided by K.S.A. 21-4622 through 21-4627, and 21-4629 through 21-4631, and amendments thereto, the sentence shall be imprisonment for life and shall not be subject to statutory provisions for suspended sentence, community service or probation.

(d) *As identified in K.S.A. 21-3502, 21-3404, 21-3506, 21-3513 and 21-3516 and K.S.A. 2005 Supp. 21-3447, and amendments thereto, if the offender is 18 years of age or older and the victim is under 14 years of age, such violations are off-grid crimes for the purposes of sentencing. Except as provided in section 1, and amendments thereto, the sentence shall be imprisonment for life pursuant to section 2, and amendments thereto.*

Sec. 18. K.S.A. 22-3436 is hereby amended to read as follows: 22-3436. ~~On and after July 1, 1991;~~ If a defendant is charged with a crime pursuant to article 34, 35 or 36 of chapter 21 of the Kansas Statutes Annotated, and amendments thereto;

(a) The prosecuting attorney, as defined in K.S.A. 22-2202, and amendments thereto, shall: (1) inform the victim or the victim's family; ~~(a) before any dismissal or declining of prosecuting charges; and (b)~~ (2) inform the victim or the victim's family of the nature of any proposed plea agreement; and (3) inform and give notice to the victim or the victim's family of the rights established in subsection (b);

(b) *The victim of a crime or the victim's family have the right to be present at any hearing where a plea agreement is reviewed or accepted and the parties may submit written arguments to the court prior to the date of the hearing.*;

And by renumbering the remaining sections accordingly;

On page 66, after line 1, by inserting the following:

"(viii) Persons convicted of K.S.A. 21-3510 or 21-3511, and amendments thereto, shall be required to participate in a treatment program for sex offenders during the postrelease supervision period.";

On page 73, in line 10, following the period, by inserting "Any violation of any provision of such act, including a violation of the duties set forth in K.S.A. 22-4904 through K.S.A. 22-4907, and amendments thereto, which continues for more than 30 consecutive days shall, upon the 31st consecutive day, constitute a new and separate offense and shall continue to constitute a new and separate offense upon completion of every 30 days thereafter for as long as the offense continues.";

On page 75, by striking all in line 43;

By striking all on pages 76 and 77;

On page 78, by striking all in lines 1 through 5;

And by renumbering the remaining sections accordingly;

Also on page 78, by striking all in lines 20 through 43;

By striking all on pages 79 through 85;

On page 86, by striking all in lines 1 through 41;

And by renumbering the remaining sections accordingly;

On page 87, in line 36, by striking "may"; in line 37, by striking "also" and inserting "shall"; in line 38, following the period by inserting "If the person does not enter into and complete a treatment program for domestic violence, the person shall serve not less than 180 days nor more than one year's imprisonment.";

On page 88, in line 35, by striking "once during the person's lifetime" and inserting "twice during any three-year period"; in line 36, preceding "and" by inserting ", 22-3436"; in line 38, by striking "21-4706" and inserting "21-4638"; also in line 38, by striking ", 22-4903, 74-9501 and 75-52,129" and inserting "and 22-4903 and K.S.A. 2005 Supp. 21-4704, as

amended by section 4 of 2006 Senate Bill No. 408, and 21-4706, as amended by section 8 of 2006 Senate Bill No. 25.”;

In the title, in line 18, by striking “for certain sex offenses”; in line 22, preceding “Kansas” by inserting “board of education, department of corrections and the”; also in line 22, by striking all following “commission”; in line 23, by striking all preceding the semicolon; in line 24, by striking “private correctional facilities.”; also in line 24, following “battery” by inserting “; electronic solicitation”; in line 29, following “21-3812” by inserting “, 22-3436”; in line 30, by striking all following “21-3516.”; in line 31, by striking “4706” and inserting “21-4638”; also in line 31, by striking “, 22-4903, 74-9501 and 75-52,129” and inserting “and 22-4903 and K.S.A. Supp. 21-4704, as amended by section 4 of 2006 Senate Bill No. 408, and 21-4706, as amended by section 8 of 2006 Senate Bill No. 25.”;

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

JOHN VRATIL  
TERRY BRUCE  
GRETA GOODWIN  
*Conferees on part of Senate*

MICHAEL R. O'NEAL  
LANCE KINZER  
JANICE L. PAULS  
*Conferees on part of House*

On motion of Rep. Kinzer, the conference committee report on **HB 2576** was adopted. On roll call, the vote was: Yeas 122; Nays 0; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Kirk, Knox, Krehbiel, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pilcher-Cook, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Ward, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: None.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

#### EXPLANATION OF VOTE

MR. SPEAKER: I vote yes on **HB 2576** in honor of Jessica Marie Lunsford and all crime victims. Sexual predators are an evil among us. Not only do we have an obligation to apprehend these predators and punish them when they commit these crimes, we have a further obligation to keep them from our children. While we cannot rid this world of evil, we can help contain it so that our children can be safe. I am committed to continuing to work to strengthen our laws so that other families will not have to endure what hundreds of thousands of families have already lived through.—PATRICIA KILPATRICK

The House stood at ease until the sound of the gavel.

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Speaker Mays called the House to order.

**CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 432**, submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill, as printed with House Committee of the Whole amendments, as follows: On page 1, by striking all in lines 16 through 43;

By striking all on pages 2 through 8 and inserting the following:

“New Section 1. (a) For all tax years commencing after December 31, 2005, each Kansas state individual income tax return form shall contain a designation as follows:

Kansas Military Emergency Relief Fund. Check if you wish to donate, in addition to your tax liability, or designate from your refund, \_\_\_\_\_\$1, \_\_\_\_\_\$5, \_\_\_\_\_\$10 or \$\_\_\_\_\_.

(b) The director of taxation of the department of revenue shall determine annually the total amount designated for contribution to the Kansas military emergency relief fund pursuant to subsection (a) and shall report such amount to the state treasurer who shall credit the entire amount thereof to the Kansas military emergency relief fund which fund is hereby established in the state treasury. All moneys deposited in such fund shall be used for the purpose of helping military families defray the costs of food, housing, utilities and medical services incurred while a member of the family is on active military duty or for other services associated with support of Kansas military personnel and military families. In the case where donations are made pursuant to subsection (a), the director shall remit the entire amount thereof to the state treasurer who shall credit the same to such fund. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the adjutant general's office.

New Sec. 2. (a) For all tax years commencing after December 31, 2005, each Kansas individual income tax return form shall contain a designation as follows:

Kansas Breast Cancer Research Fund. Check if you wish to donate, in addition to your tax liability, or designate from your refund, \_\_\_\_\_\$1, \_\_\_\_\_\$5, \_\_\_\_\_\$10 or \$\_\_\_\_\_.

(b) The director of taxation of the department of revenue shall determine annually the total amount designated for contribution to the Kansas breast cancer research fund pursuant to subsection (a) and shall report such amount to the state treasurer who shall credit the entire amount thereof to the Kansas breast cancer research fund. Such fund is hereby established in the state treasury and shall be administered by the university of Kansas cancer center. In the case where donations are made pursuant to subsection (a), the director shall remit the entire amount thereof to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of such remittance the state treasurer shall deposit the entire amount in the state treasury to the credit of such fund. All expenditures from such fund shall be for the university of Kansas cancer center.

(c) The instructions accompanying the individual income tax return shall include a description of the Kansas breast cancer research fund, the purpose for which the fund was created and a statement specifying that such moneys shall be used to conduct research relating to the prevention, treatment and cure of breast cancer. Such description and statement shall be approved by the university of Kansas cancer center.

(d) All moneys deposited in such fund shall be used by the university of Kansas cancer center to conduct research relating to the prevention, treatment and cure of breast cancer. Moneys in such fund shall not be used for the funding of administrative personnel or positions. Moneys deposited in such fund shall be used in collaboration with other research institutions including, but not limited to, members of the midwest cancer alliance and faculty at state educational institutions. Contributions to the Kansas breast cancer research fund shall be deemed in addition and supplemental to any funding that would otherwise be appropriated to the university of Kansas cancer center for the purposes specified in this act.

(e) On or before February 1 of each year, the university of Kansas cancer center shall submit a report to the committee on assessment and taxation and committee on ways and means of the senate of the state of Kansas and the committee on taxation and committee on appropriations of the house of representatives of the state of Kansas reviewing and evaluating all expended moneys expended from the Kansas breast cancer research fund to

conduct research relating to the purposes specified in this act. Representatives of the cancer center shall appear before the committees specified in this section if so requested.

New Sec. 3. (a) For tax years commencing after December 31, 2005, any taxpayer claiming credits pursuant to K.S.A. 74-50,132, 79-32,153 or 79-32,160a, and amendments thereto, as a condition for claiming and qualifying for such credits, shall provide the following information as part of the tax return, in which such credits are claimed, which shall be used by the department of revenue in evaluating the effectiveness of such tax credit programs, pursuant to K.S.A. 74-99b35, and amendments thereto:

(1) Actual jobs created as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of such number of actual jobs created to the department of commerce as a part of applying for certification for such program participation;

(2) additional payroll generated as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of such amount of additional payroll generated to the department of commerce as a part of applying for certification for such program participation;

(3) actual jobs retained as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of actual jobs retained to the department of commerce as a part of applying for certification for such program participation;

(4) additional revenue generated as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of such amount of additional revenue generated to the department of commerce as a part of applying for certification for such program participation;

(5) additional sales generated as a direct result of the expenditures on which such credit claim is based, if the taxpayer has previously submitted an estimate of additional sales generated to the department of commerce as a part of applying for certification for program participation; and

(6) total employment and payroll at the end of the tax year in which the credits are claimed.

(b) Such credits specified in subsection (a) shall not be denied solely on the basis of the information provided by the taxpayer pursuant to subsections (a)(1) through (a)(6).

New Sec. 4. (a) For taxable years 2006, 2007 and 2008, an employer who employs a member of the Kansas army and air national guard or a member of a Kansas unit of the reserved forces of the United States who was federally activated and deployed on or after August 7, 1990, that such employer did not employ prior to such activation and deployment and who is unemployed at the time of such employment shall be allowed a credit against the income tax imposed by the Kansas income tax act in an amount equal to 25% of the amount paid during the taxable year by such employer to such member as salary or compensation. Such credit shall not exceed \$7,000 for each member employed by such employer. The credit provided in this section shall be limited to salary or compensation paid to such member for one year for each member employed by such employer.

(b) The credit allowed by this section shall not exceed the amount of tax imposed under the Kansas income tax act reduced by the sum of any other credits allowable pursuant to law. If the amount of the credit allowed by subsection (a) of this section exceeds the taxpayer's income tax liability imposed under the Kansas income tax act, such excess amount may be carried over for credit in the same manner in the succeeding taxable years until the total amount of such credit is used.

New Sec. 5. (a) There is hereby established a task force to promote adoption. The task force shall be composed of the following members, who shall be appointed not later than 45 days after the effective date of this act:

(1) Two members of the house of representatives and one member of the public appointed by the speaker of the house of representatives;

(2) one member of the house of representatives appointed by the minority leader of the house of representatives;

(3) two members of the senate and one member of the public appointed by the president of the senate;

- (4) one member of the senate appointed by the minority leader of the senate; and
- (5) three persons appointed by the governor.
- (b) One of the legislative members of the task force appointed by the speaker of the house of representatives shall call and preside at the first meeting of the task force. At such meeting the members of the task force shall elect a chairperson and vice-chairperson. The task force shall meet on the call of the chairperson. The task force shall meet at least quarterly and at other times necessary to perform its functions. If a vacancy occurs on the task force, the vacancy shall be filled in the same manner as the original appointment.
- (c) Members of the task force to promote adoption shall receive compensation and travel expenses and subsistence expenses or allowances as provided in subsection (e) of K.S.A. 75-3223, and amendments thereto, when attending meeting of such task force.
- (d) The task force to promote adoption may meet at any time and at any place within the state on the call of the chairperson.
- (e) It shall be the duty of the task force to provide statewide policy recommendations aimed at encouraging adoption. Specifically, the task force shall conduct an analysis of adoption in Kansas focused on the following questions:
  - (1) Is the current adoption tax credit, K.S.A. 79-32,202, and amendments thereto, adequate enough to encourage adoption?
  - (2) Does such current adoption tax credit adequately offset adoption expenses incurred by adoptive parents?
  - (3) What primary issues factor into the decision of birth parents when faced with an unintended pregnancy?
- (f) The staff of the office of revisor of statutes, the legislative research department and the division of legislative administrative services shall provide such assistance as may be requested by the task force.
- (g) The task force shall submit a final report of its findings and recommendations to the legislature and to the governor on or before February 15, 2007.

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

(b) *For tax years commencing after December 31, 2005, any taxpayer claiming credits pursuant to this section, as a condition for claiming and qualifying for such credits, shall provide information pursuant to section 3, and amendments thereto, as part of the tax return in which such credits are claimed. Such credits shall not be denied solely on the basis of the contents of the information provided by the taxpayer pursuant to section 3, and amendments thereto.*

Sec. 7. K.S.A. 2005 Supp. 79-3299 is hereby amended to read as follows: 79-3299. (a) Every employer, payer, person or organization deducting and withholding tax, on or before January 31 of each year, shall prepare a statement for each employee or payee on a form prescribed by the director stating the amount of wages or payments other than wages subject to Kansas income tax paid during the preceding year, the total amount of tax withheld, if any, from such wages or payments other than wages by the employer, payer, person or organization pursuant to this act and such other information as may be prescribed by the director. One copy of such statement shall be filed by the employer, payer, person or organization with the division of taxation on or before the last day of February of each year. *If the employer, payer, person or organization files statements which report such withholding information for 51 or more employees or payees, the statements shall be filed by electronic means.* Two copies of such statement shall be given to the employee or payee concerned,

one of which will be filed by the employee or payee with the tax return required by this chapter.

(b) In the case of an employee whose employment is terminated before the end of a calendar year, the statement required by subsection (a) may be mailed at the time provided in that subsection to the last known address of the employee, or issued at the time of the last payment to the employee, at the employer's option.

(c) Any employer, payer, person or organization deducting and withholding tax who intentionally fails to furnish a statement to an employee or payee as required under the provisions of subsections (a) and (b) shall be guilty of a nonperson misdemeanor and upon conviction thereof shall be punished by a fine not exceeding \$100 for each such offense.

(d) The annual statement of wages and salaries paid and amount withheld required by this section shall be in lieu of the annual information return required under K.S.A. 79-3222, and amendments thereto.

Sec. 8. K.S.A. 2005 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter.

(iii) The federal net operating loss deduction.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments to such sections.

(vii) The amount of any charitable contribution made to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto.

(viii) The amount of any costs incurred for improvements to a swine facility, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2005 Supp. 79-32,204 and amendments thereto.

(ix) The amount of any ad valorem taxes and assessments paid and the amount of any costs incurred for habitat management or construction and maintenance of improvements on real property, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203 and amendments thereto.

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 2005 Supp. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross income pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments thereto, or if such amounts are not already included in the federal adjusted gross income.

(xi) The amount of any contribution made to the same extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2005 Supp. 74-50,154, and amendments thereto.

(xii) For taxable years commencing after December 31, 2004, amounts received as withdrawals not in accordance with the provisions of K.S.A. 2005 Supp. 74-50,204, and amendments thereto, if, at the time of contribution to an individual development account, such amounts were subtracted from the federal adjusted gross income pursuant to paragraph (xiii) of subsection (c), or if such amounts are not already included in the federal adjusted gross income.

(c) There shall be subtracted from federal adjusted gross income:

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions less any related expenses directly incurred in the purchase of such obligations or securities, to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income.

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income.

(vii) Amounts received as annuities under the federal civil service retirement system from the civil service retirement and disability fund and other amounts received as retirement benefits in whatever form which were earned for being employed by the federal government or for service in the armed forces of the United States.

(viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1) et seq.

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.

(x) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. 250 C. For taxable

years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. 280 C.

(xi) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas Venture Capital, Inc.

(xii) For taxable years beginning after December 31, 1989, amounts received by retired employees of a board of public utilities as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249 and amendments thereto.

(xiii) For taxable years beginning after December 31, 2004, amounts contributed to and the amount of income earned on contributions deposited to an individual development account under K.S.A. 2005 Supp. 74-50,201, et seq., and amendments thereto.

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation.

(xv) For all taxable years beginning after December 31, ~~1999~~ 2004, amounts not exceeding ~~\$2,000, or \$4,000~~ \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. For all taxable years beginning after December 31, ~~2004~~ 2006, amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a ~~family postsecondary education savings account established under the Kansas postsecondary education savings program~~ *a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended*, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2005 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) For the tax year beginning after December 31, 2004, an amount not exceeding \$500; for the tax year beginning after December 31, 2005, an amount not exceeding \$600; for the tax year beginning after December 31, 2006, an amount not exceeding \$700; for the tax year beginning after December 31, 2007, an amount not exceeding \$800; for the tax year beginning December 31, 2008, an amount not exceeding \$900; and for all taxable years commencing after December 31, 2009, an amount not exceeding \$1,000 of the premium costs for qualified long-term care insurance contracts, as defined by subsection (b) of section 7702B of public law 104-191.

(xvii) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are or were members of the armed forces of the United States, including service in the Kansas army and air national guard, as a recruitment, sign up or retention bonus received by such taxpayer as an incentive to join, enlist or remain in the armed services of the United States, including service in the Kansas army and air national guard, and amounts received for repayment of educational or student loans incurred by or obligated to such taxpayer and received by such taxpayer as a result of such taxpayer's service in the armed forces of the United States, including service in the Kansas army and air national guard.

(xviii) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are eligible members of the Kansas army and air national guard as a reimbursement pursuant to K.S.A. 48-281, and amendments thereto, and amounts received for death benefits pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and amendments thereto,

to the extent that such death benefits are included in federal adjusted gross income of the taxpayer.

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.

Sec. 9. K.S.A. 2005 Supp. 79-32,143 is hereby amended to read as follows: 79-32,143. (a) For net operating losses incurred in taxable years beginning after December 31, 1987, a net operating loss deduction shall be allowed in the same manner that it is allowed under the federal internal revenue code except that such net operating loss may only be carried forward to each of the 10 taxable years following the taxable year of the net operating loss. For net operating farm losses, as defined by subsection (i) of section 172 of the federal internal revenue code, incurred in taxable years beginning after December 31, 1999, a net operating loss deduction shall be allowed in the same manner that it is allowed under the federal internal revenue code except that such net operating loss may be carried forward to each of the 10 taxable years following the taxable year of the net operating loss. The amount of the net operating loss that may be carried back or forward for Kansas income tax purposes shall be that portion of the federal net operating loss allocated to Kansas under this act in the taxable year that the net operating loss is sustained.

(b) The amount of the loss to be carried back or forward will be the federal net operating loss after (1) all modifications required under this act applicable to the net loss in the year the loss was incurred; and (2) after apportionment as to source in the case of corporations, nonresident individuals for losses incurred in taxable years beginning prior to January 1, 1978, and nonresident estates and trusts in the same manner that income for such corporations, nonresident individuals, estates and trusts is required to be apportioned.

(c) If a net operating loss was incurred in a taxable year beginning prior to January 1, 1988, the amount of the net operating loss that may be carried back and carried forward and the period for which it may be carried back and carried forward shall be determined under the provisions of the Kansas income tax laws which were in effect during the year that such net operating loss was incurred.

(d) If any portion of a net operating loss described in subsections (a) and (b) is not utilized prior to the final year of the carryforward period provided in subsection (a), a refund shall be allowable in such final year in an amount equal to the refund which would have been allowable in the taxable year the loss was incurred by utilizing the three year carryback provided under K.S.A. 79-32,143, as in effect on December 31, 1987, multiplied by a fraction, the numerator of which is the unused portion of such net operating loss in the final year, and the denominator of which is the amount of such net operating loss which could have been carried back to the three years immediately preceding the year in which the loss was incurred. In no event may such fraction exceed 1.

(e) Notwithstanding any other provisions of the Kansas income tax act, the net operating loss as computed under subsections (a), (b) and (c) of this section shall be allowed in full in determining Kansas taxable income or at the option of the taxpayer allowed in full in determining Kansas adjusted gross income.

(f) No refund of income tax which results from a net operating *farm* loss carry back shall be allowed in an amount exceeding \$1,500 in any year. ~~Any excess amount may be carried back or forward to any other year or years as provided by this section. Any overpayment in excess of \$1,500 may be carried forward to any year or years after the year of the loss and may be claimed as a credit against the tax. The refundable portion of such credit shall not exceed \$1,500 in any year.~~

Sec. 10. K.S.A. 2005 Supp. 79-32,153 is hereby amended to read as follows: 79-32,153. (a) For taxable years commencing after December 31, 1997, any taxpayer who shall invest in a qualified business facility, as defined in subsection (b) of K.S.A. 79-32,154, and amendments thereto, shall be allowed a credit for such investment, in an amount determined under subsection (b) against the tax imposed by the Kansas income tax act, the premium

tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated for the taxable year during which commencement of commercial operations, as defined in subsection (f) of K.S.A. 79-32,154, and amendments thereto, occurs at such qualified business facility, and for each of the nine succeeding taxable years. No credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds two. Where an employee performs services for the taxpayer outside the qualified business facility, the employee shall be considered engaged or maintained in employment at the qualified business facility if (1) the employee's service performed outside the qualified business facility is incidental to the employee's service inside the qualified business facility, or (2) the base of operations or, the place from which the service is directed or controlled, is at the qualified business facility.

(b) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility shall be a portion of the tax, but not in excess of 50% of such tax, otherwise imposed on or measured by the taxpayer's qualified business facility income, as defined in subsection (g) of K.S.A. 79-32,154, and amendments thereto, for the taxable year for which such credit is allowed. Such portion shall be an amount equal to the sum of the following:

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

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

(c) *For tax years commencing after December 31, 2005, any taxpayer claiming credits pursuant to this section, as a condition for claiming and qualifying for such credits, shall provide information pursuant to section 3, and amendments thereto, as part of the tax return in which such credits are claimed. Such credits shall not be denied solely on the basis of the contents of the information provided by the taxpayer pursuant to section 3, and amendments thereto.*

(d) No credit shall be allowed under this section for investment in a public utility, as such term is defined in K.S.A. 66-104, and amendments thereto.

Sec. 11. K.S.A. 2005 Supp. 79-32,160a is hereby amended to read as follows: 79-32,160a.

(a) For taxable years commencing after December 31, 1999, any taxpayer who shall invest in a qualified business facility, as defined in subsection (b) of K.S.A. 79-32,154, and amendments thereto, and also meets the definition of a business in subsection (b) of K.S.A. 74-50,114, and amendments thereto, shall be allowed a credit for such investment, in an amount determined under subsection (b) or (c), as the case requires, against the tax imposed by the Kansas income tax act or where the qualified business facility is the principal place from which the trade or business of the taxpayer is directed or managed and the facility has facilitated the creation of at least 20 new full-time positions, against the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year during which commencement of commercial operations, as defined in subsection (f) of K.S.A. 79-32,154, and amendments thereto, occurs at such qualified business facility. In the case of a taxpayer who meets the definition of a manufacturing business in subsection (d) of K.S.A. 74-50,114, and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds two. In the case of a taxpayer who meets the definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of

the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds five. Where an employee performs services for the taxpayer outside the qualified business facility, the employee shall be considered engaged or maintained in employment at the qualified business facility if (1) the employee's service performed outside the qualified business facility is incidental to the employee's service inside the qualified business facility, or (2) the base of operations or, the place from which the service is directed or controlled, is at the qualified business facility.

(b) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility which is located in a designated nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

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

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

(c) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility, which is not located in a nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, and which also meets the definition of business in subsection (b) of K.S.A. 74-50,114, and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

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

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

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

(e) Notwithstanding the foregoing provisions of this section, any taxpayer qualified and certified under the provisions of K.S.A. 74-50,131, and amendments thereto; which, prior

to making a commitment to invest in a qualified Kansas business, has filed a certificate of intent to invest in a qualified business facility in a form satisfactory to the secretary of commerce; and that has received written approval from the secretary of commerce for participation and has participated, during the tax year for which the exemption is claimed, in the Kansas industrial training, Kansas industrial retraining or the state of Kansas investments in lifelong learning program or is eligible for the tax credit established in K.S.A. 74-50,132, and amendments thereto, shall be entitled to a credit in an amount equal to 10% of that portion of the qualified business facility investment which exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2) without regard to the number of qualified business facility employees engaged or maintained in employment at the qualified business facility. The credit allowed by this subsection shall be a one-time credit. If the amount thereof exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income or the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated for the taxable year, the amount thereof which exceeds such tax liability may be carried forward for credit in the succeeding taxable year or years until the total amount of the tax credit is used, except that no such tax credit shall be carried forward for deduction after the 10th taxable year succeeding the taxable year in which such credit initially was claimed and no carry forward shall be allowed for deduction in any succeeding taxable year unless the taxpayer continued to be qualified and was recertified for such succeeding taxable year pursuant to K.S.A. 74-50,131, and amendments thereto.

*(f) For tax years commencing after December 31, 2005, any taxpayer claiming credits pursuant to this section, as a condition for claiming and qualifying for such credits, shall provide information pursuant to section 3, and amendments thereto, as part of the tax return in which such credits are claimed. Such credits shall not be denied solely on the basis of the contents of the information provided by the taxpayer pursuant to section 3, and amendments thereto.*

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

Sec. 12. K.S.A. 79-32,202 is hereby amended to read as follows: 79-32,202. (a) For all taxable years commencing after December 31, ~~1996~~ 2005, and in addition to the credit provided in subsection (b), there shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas income tax act an amount equal to: (1) 25% of the amount of the credit allowed against such taxpayer's federal income tax liability pursuant to section 23 determined without regard to subsection (c) thereof of the federal internal revenue code; (2) in addition to subsection (a)(1), 25% of the amount of such federal income tax credit, if the child adopted by the taxpayer was a resident of Kansas prior to such lawful adoption; and (3) and in addition to subsections (a)(1) and (a)(2), 25% of the amount of such federal income tax credit, if the child adopted by the taxpayer is a child with special needs, as defined in section 23 of the federal internal revenue code, and the child was a resident of Kansas prior to such lawful adoption, for the taxable year in which such credit was claimed against the taxpayer's federal income tax liability.

(b) For all taxable years commencing after December 31, 1996, there shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas income tax act an amount equal to \$1,500 for the taxable year in which occurs the lawful adoption of a child in the custody of the secretary of social and rehabilitation services or a child with special needs, whether or not such individual is reimbursed for all or part of qualified adoption expenses or has received a public or private grant therefor. As used in this subsection, terms and phrases shall have the meanings ascribed thereto by the provisions of section 23 of the federal internal revenue code. No credit shall be allowed under subsection (a) for any qualified adoption expenses incurred in the adoption of a child described by this subsection.

(c) The credit allowed by subsections (a) and (b) shall not exceed the amount of the tax imposed by K.S.A. 79-32,110, and amendments thereto, reduced by the sum of any other credits allowable pursuant to law. If the amount of such tax credit exceeds the taxpayer's

income tax liability for such taxable year, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credits has been deducted from tax liability; ~~except that no such tax credit shall be carried over for deduction after the fifth taxable year succeeding the taxable year in which the credit was claimed.~~

Sec. 13. K.S.A. 74-50,132 and 79-32,202 and K.S.A. 2005 Supp. 79-3299, 79-32,117, 79-32,143, 79-32,153 and 79-32,160a are hereby repealed.

Sec. 14. This act shall take effect and be in force from and after its publication in the statute book.”;

Also on page 1, in the title, in line 10, by striking all after “ACT”; by striking all in lines 11 and 12; in line 13, by striking all before the period and inserting “concerning income taxation; relating to checkoffs for breast cancer research and military emergency relief; withholding, filing requirements; deductions, qualified tuition programs; net operating loss; credits, adoption and employment of certain members of armed forces; reporting requirements; amending K.S.A. 74-50,132 and 79-32,202 and K.S.A. 2005 Supp. 79-3299, 79-32,117, 79-32,143, 79-32,153 and 79-32,160a and repealing the existing sections”;

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

KENNY A. WILK  
DAVID HUFF  
TOM THULL  
*Conferees on part of House*

BARBARA P. ALLEN  
LES DONOVAN  
JANIS K. LEE  
*Conferees on part of Senate*

On motion of Rep. Wilk, the conference committee report on **SB 432** was adopted.

On roll call, the vote was: Yeas 121; Nays 1; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Kirk, Knox, Krehbiel, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafarielli, Thull, Treaster, Trimmer, Vickrey, Ward, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: Pilcher-Cook.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 365**, submits the following report:

The House recedes from all of its amendments to the bill;

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

KENNY A. WILK  
DAVID HUFF  
TOM THULL  
*Conferees on part of House*

BARBARA P. ALLEN

DEREK SCHMIDT

JANIS K. LEE

*Conferees on part of Senate*

On motion of Rep. Wilk, the conference committee report on **SB 365** was adopted.

On roll call, the vote was: Yeas 109; Nays 13; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Freeborn, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Knox, Krehbiel, Kuether, Landwehr, Light, Loganbill, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Phelps, Pilcher-Cook, Pottorff, Powell, Proehl, Roth, Ruff, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Svaty, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Ward, Watkins, Weber, Wilk, Williams, Wolf, Yoder, Yonally.

Nays: Flaharty, Flora, Garcia, Henderson, Kirk, Lane, Long, M. Miller, Peterson, Ruiz, Sawyer, Storm, Winn.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 404**, submits the following report:

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

On page 8, in line 35, after "(E)" by inserting "commencing on July 1, 2006, and ending on June 30, 2009,";

On page 9, by striking all in lines 13 through 43;

By striking all on pages 10 through 33;

On page 34, by striking all in lines 1 through 8 and inserting the following:

"Sec. 2. K.S.A. 2005 Supp. 79-3606, as amended by section 4 of 2006 Senate Bill No. 76, is hereby amended to read as follows: 79-3606. The following shall be exempt from the tax imposed by this act:

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

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

proposes to engage in the business of furnishing gas, electricity or heat to others and such items of personal property or service are used or proposed to be used in such business;

(c) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly by a public or private elementary or secondary school or public or private nonprofit educational institution and used primarily by such school or institution for nonsectarian programs and activities provided or sponsored by such school or institution or in the erection, repair or enlargement of buildings to be used for such purposes. The exemption herein provided shall not apply to erection, construction, repair, enlargement or equipment of buildings used primarily for human habitation;

(d) all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school or a public or private nonprofit educational institution, which would be exempt from taxation under the provisions of this act if purchased directly by such hospital or public hospital authority, school or educational institution; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or district described in subsection (s), the total cost of which is paid from funds of such political subdivision or district and which would be exempt from taxation under the provisions of this act if purchased directly by such political subdivision or district. Nothing in this subsection or in the provisions of K.S.A. 12-3418 and amendments thereto, shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any political subdivision of the state or any such district. As used in this subsection, K.S.A. 12-3418 and 79-3640, and amendments thereto, "funds of a political subdivision" shall mean general tax revenues, the proceeds of any bonds and gifts or grants-in-aid. Gifts shall not mean funds used for the purpose of constructing, equipping, reconstructing, repairing, enlarging, furnishing or remodeling facilities which are to be leased to the donor. When any political subdivision of the state, district described in subsection (s), public or private nonprofit hospital or public hospital authority, public or private elementary or secondary school or public or private nonprofit educational institution shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the political subdivision, district described in subsection (s), hospital or public hospital authority, school or educational institution concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. As an alternative to the foregoing procedure, any such contracting entity may apply to the secretary of revenue for agent status for the sole purpose of issuing and furnishing project exemption certificates to contractors pursuant to rules and regulations adopted by the secretary establishing conditions and standards for the granting and maintaining of such status. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the political subdivision, district described in subsection (s), hospital or public hospital authority, school or educational institution concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any

agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

(g) sales of aircraft including remanufactured and modified aircraft sold to persons using directly or through an authorized agent such aircraft as certified or licensed carriers of persons or property in interstate or foreign commerce under authority of the laws of the United States or any foreign government or sold to any foreign government or agency or instrumentality of such foreign government and all sales of aircraft for use outside of the United States and sales of aircraft repair, modification and replacement parts and sales of services employed in the remanufacture, modification and repair of aircraft;

(h) all rentals of nonsectarian textbooks by public or private elementary or secondary schools;

(i) the lease or rental of all films, records, tapes, or any type of sound or picture transcriptions used by motion picture exhibitors;

(j) meals served without charge or food used in the preparation of such meals to employees of any restaurant, eating house, dining car, hotel, drugstore or other place where meals or drinks are regularly sold to the public if such employees' duties are related to the furnishing or sale of such meals or drinks;

(k) any motor vehicle, semitrailer or pole trailer, as such terms are defined by K.S.A. 8-126 and amendments thereto, or aircraft sold and delivered in this state to a bona fide resident of another state, which motor vehicle, semitrailer, pole trailer or aircraft is not to be registered or based in this state and which vehicle, semitrailer, pole trailer or aircraft will not remain in this state more than 10 days;

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

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

(n) all sales of tangible personal property which is consumed in the production, manufacture, processing, mining, drilling, refining or compounding of tangible personal property, the treating of by-products or wastes derived from any such production process, the providing of services or the irrigation of crops for ultimate sale at retail within or without the state of Kansas; and any purchaser of such property may obtain from the director of taxation and furnish to the supplier an exemption certificate number for tangible personal property for consumption in such production, manufacture, processing, mining, drilling, refining, compounding, treating, irrigation and in providing such services;

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

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

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

(r) all sales of prosthetic devices and mobility enhancing equipment prescribed in writing by a person licensed to practice the healing arts, dentistry or optometry, and in addition to such sales, all sales of hearing aids, as defined by subsection (c) of K.S.A. 74-5807, and amendments thereto, and repair and replacement parts therefor, including batteries, by a person licensed in the practice of dispensing and fitting hearing aids pursuant to the provisions of K.S.A. 74-5808, and amendments thereto. For the purposes of this subsection: (1) "Mobility enhancing equipment" means equipment including repair and replacement parts to same, but does not include durable medical equipment, which is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either in a home or a motor vehicle; is not generally used by persons with normal mobility; and does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer; and (2) "prosthetic device" means a replacement, corrective or supportive device including repair and replacement parts for same worn on or in the body to artificially replace a missing portion of the body, prevent or correct physical deformity or malfunction or support a weak or deformed portion of the body;

(s) except as provided in K.S.A. 2005 Supp. 82a-2101, and amendments thereto, all sales of tangible personal property or services purchased directly or indirectly by a groundwater management district organized or operating under the authority of K.S.A. 82a-1020 et seq. and amendments thereto, by a rural water district organized or operating under the authority of K.S.A. 82a-612, and amendments thereto, or by a water supply district organized or operating under the authority of K.S.A. 19-3501 et seq., 19-3522 et seq. or 19-3545, and amendments thereto, which property or services are used in the construction activities, operation or maintenance of the district;

(t) all sales of farm machinery and equipment or aquaculture machinery and equipment, repair and replacement parts therefor and services performed in the repair and maintenance of such machinery and equipment. For the purposes of this subsection the term "farm

machinery and equipment or aquaculture machinery and equipment” shall include a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments thereto, and is equipped with a bed or cargo box for hauling materials, and shall also include machinery and equipment used in the operation of Christmas tree farming but shall not include any passenger vehicle, truck, truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer, as such terms are defined by K.S.A. 8-126 and amendments thereto. Each purchaser of farm machinery and equipment or aquaculture machinery and equipment exempted herein must certify in writing on the copy of the invoice or sales ticket to be retained by the seller that the farm machinery and equipment or aquaculture machinery and equipment purchased will be used only in farming, ranching or aquaculture production. Farming or ranching shall include the operation of a feedlot and farm and ranch work for hire and the operation of a nursery:

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

(v) all sales of tangible personal property to any contractor for use in preparing meals for delivery to homebound elderly persons over 60 years of age and to homebound disabled persons or to be served at a group-sitting at a location outside of the home to otherwise homebound elderly persons over 60 years of age and to otherwise homebound disabled persons, as all or part of any food service project funded in whole or in part by government or as part of a private nonprofit food service project available to all such elderly or disabled persons residing within an area of service designated by the private nonprofit organization, and all sales of tangible personal property for use in preparing meals for consumption by indigent or homeless individuals whether or not such meals are consumed at a place designated for such purpose, and all sales of food products by or on behalf of any such contractor or organization for any such purpose;

(w) all sales of natural gas, electricity, heat and water delivered through mains, lines or pipes: (1) To residential premises for noncommercial use by the occupant of such premises; (2) for agricultural use and also, for such use, all sales of propane gas; (3) for use in the severing of oil; and (4) to any property which is exempt from property taxation pursuant to K.S.A. 79-201b *Second* through *Sixth*. As used in this paragraph, “severing” shall have the meaning ascribed thereto by subsection (k) of K.S.A. 79-4216, and amendments thereto. For all sales of natural gas, electricity and heat delivered through mains, lines or pipes pursuant to the provisions of subsection (w)(1) and (w)(2), the provisions of this subsection shall expire on December 31, 2005;

(x) 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 occurring prior to January 1, 2006;

(y) all sales of materials and services used in the repairing, servicing, altering, maintaining, manufacturing, remanufacturing, or modification of railroad rolling stock for use in interstate or foreign commerce under authority of the laws of the United States;

(z) all sales of tangible personal property and services purchased directly by a port authority or by a contractor therefor as provided by the provisions of K.S.A. 12-3418 and amendments thereto;

(aa) all sales of materials and services applied to equipment which is transported into the state from without the state for repair, service, alteration, maintenance, remanufacture or modification and which is subsequently transported outside the state for use in the transmission of liquids or natural gas by means of pipeline in interstate or foreign commerce under authority of the laws of the United States;

(bb) all sales of used mobile homes or manufactured homes. As used in this subsection: (1) “Mobile homes” and “manufactured homes” shall have the meanings ascribed thereto by K.S.A. 58-4202 and amendments thereto; and (2) “sales of used mobile homes or manufactured homes” means sales other than the original retail sale thereof;

(cc) all sales of tangible personal property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business or retail business which meets the requirements established in K.S.A. 74-50,115 and amendments thereto, and the sale and installation of machinery and equipment purchased for installation at any such business or retail business. When a person shall contract for the construction,

reconstruction, enlargement or remodeling of any such business or retail business, such person shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials, machinery and equipment for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the owner of the business or retail business a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials, machinery or equipment purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed thereon, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615 and amendments thereto. As used in this subsection, "business" and "retail business" have the meanings respectively ascribed thereto by K.S.A. 74-50,114 and amendments thereto;

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

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

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

(gg) all sales of tangible personal property purchased in accordance with vouchers issued pursuant to the federal special supplemental food program for women, infants and children;

(hh) all sales of medical supplies and equipment, including durable medical equipment, purchased directly by a nonprofit skilled nursing home or nonprofit intermediate nursing care home, as defined by K.S.A. 39-923, and amendments thereto, for the purpose of providing medical services to residents thereof. This exemption shall not apply to tangible personal property customarily used for human habitation purposes. As used in this subsection, "durable medical equipment" means equipment including repair and replacement parts for such equipment, but does not include mobility enhancing equipment as defined in subsection (r) which can withstand repeated use, is primarily and customarily used to serve a medical purpose, generally is not useful to a person in the absence of illness or injury and is not worn in or on the body;

(ii) all sales of tangible personal property purchased directly by a nonprofit organization for nonsectarian comprehensive multidiscipline youth development programs and activities provided or sponsored by such organization, and all sales of tangible personal property by or on behalf of any such organization. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

(jj) all sales of tangible personal property or services, including the renting and leasing of tangible personal property, purchased directly on behalf of a community-based mental retardation facility or mental health center organized pursuant to K.S.A. 19-4001 et seq., and amendments thereto, and licensed in accordance with the provisions of K.S.A. 75-3307b and amendments thereto and all sales of tangible personal property or services purchased by contractors during the time period from July, 2003, through June, 2006, for the purpose of constructing, equipping, maintaining or furnishing a new facility for a community-based mental retardation facility or mental health center located in Riverton, Cherokee County, Kansas, which would have been eligible for sales tax exemption pursuant to this subsection if purchased directly by such facility or center. This exemption shall not apply to tangible personal property customarily used for human habitation purposes;

(kk) (1) (A) all sales of machinery and equipment which are used in this state as an integral or essential part of an integrated production operation by a manufacturing or processing plant or facility;

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

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

(2) For purposes of this subsection:

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

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

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

(D) "manufacturing or processing business" means a business that utilizes an integrated production operation to manufacture, process, fabricate, finish, or assemble items for wholesale and retail distribution as part of what is commonly regarded by the general public as an industrial manufacturing or processing operation or an agricultural commodity processing operation. (i) Industrial manufacturing or processing operations include, by way of illustration but not of limitation, the fabrication of automobiles, airplanes, machinery or transportation equipment, the fabrication of metal, plastic, wood, or paper products, electricity power generation, water treatment, petroleum refining, chemical production, wholesale bottling, newspaper printing, ready mixed concrete production, and the remanufacturing of used parts for wholesale or retail sale. Such processing operations shall include operations at an oil well, gas well, mine or other excavation site where the oil, gas, minerals, coal, clay, stone, sand or gravel that has been extracted from the earth is cleaned, separated, crushed, ground, milled, screened, washed, or otherwise treated or prepared before its transmission to a refinery or before any other wholesale or retail distribution. (ii) Agricultural commodity processing operations include, by way of illustration but not of limitation, meat packing, poultry slaughtering and dressing, processing and packaging farm and dairy products in sealed containers for wholesale and retail distribution, feed grinding, grain milling, frozen food processing, and grain handling, cleaning, blending, fumigation, drying and aeration operations engaged in by grain elevators or other grain storage facilities. (iii) Manufacturing or processing businesses do not include, by way of illustration but not of limitation, nonindustrial businesses whose operations are primarily retail and that produce or process tangible personal property as an incidental part of conducting the retail business, such as retailers who bake, cook or prepare food products in the regular course of their retail trade, grocery stores, meat lockers and meat markets that butcher or dress livestock or poultry in the regular course of their retail trade, contractors who alter, service, repair or improve real property, and retail businesses that clean, service or refurbish and repair tangible personal property for its owner;

(E) "repair and replacement parts and accessories" means all parts and accessories for exempt machinery and equipment, including, but not limited to, dies, jigs, molds, patterns

and safety devices that are attached to exempt machinery or that are otherwise used in production, and parts and accessories that require periodic replacement such as belts, drill bits, grinding wheels, grinding balls, cutting bars, saws, refractory brick and other refractory items for exempt kiln equipment used in production operations;

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

(3) For purposes of this subsection, machinery and equipment shall be deemed to be used as an integral or essential part of an integrated production operation when used:

(A) To receive, transport, convey, handle, treat or store raw materials in preparation of its placement on the production line;

(B) to transport, convey, handle or store the property undergoing manufacturing or processing at any point from the beginning of the production line through any warehousing or distribution operation of the final product that occurs at the plant or facility;

(C) to act upon, effect, promote or otherwise facilitate a physical change to the property undergoing manufacturing or processing;

(D) to guide, control or direct the movement of property undergoing manufacturing or processing;

(E) to test or measure raw materials, the property undergoing manufacturing or processing or the finished product, as a necessary part of the manufacturer's integrated production operations;

(F) to plan, manage, control or record the receipt and flow of inventories of raw materials, consumables and component parts, the flow of the property undergoing manufacturing or processing and the management of inventories of the finished product;

(G) to produce energy for, lubricate, control the operating of or otherwise enable the functioning of other production machinery and equipment and the continuation of production operations;

(H) to package the property being manufactured or processed in a container or wrapping in which such property is normally sold or transported;

(I) to transmit or transport electricity, coke, gas, water, steam or similar substances used in production operations from the point of generation, if produced by the manufacturer or processor at the plant site, to that manufacturer's production operation; or, if purchased or delivered from offsite, from the point where the substance enters the site of the plant or facility to that manufacturer's production operations;

(J) to cool, heat, filter, refine or otherwise treat water, steam, acid, oil, solvents or other substances that are used in production operations;

(K) to provide and control an environment required to maintain certain levels of air quality, humidity or temperature in special and limited areas of the plant or facility, where such regulation of temperature or humidity is part of and essential to the production process;

(L) to treat, transport or store waste or other byproducts of production operations at the plant or facility; or

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

(4) The following machinery, equipment and materials shall be deemed to be exempt even though it may not otherwise qualify as machinery and equipment used as an integral or essential part of an integrated production operation: (A) Computers and related peripheral equipment that are utilized by a manufacturing or processing business for engineering of the finished product or for research and development or product design; (B) machinery and equipment that is utilized by a manufacturing or processing business to manufacture or rebuild tangible personal property that is used in manufacturing or processing operations, including tools, dies, molds, forms and other parts of qualifying machinery and equipment; (C) portable plants for aggregate concrete, bulk cement and asphalt including cement mixing drums to be attached to a motor vehicle; (D) industrial fixtures, devices, support facilities and special foundations necessary for manufacturing and production operations, and materials and other tangible personal property sold for the purpose of fabricating such fixtures, devices, facilities and foundations. An exemption certificate for such purchases shall be signed by the manufacturer or processor. If the fabricator purchases such material, the fabricator shall also sign the exemption certificate; and (E) a manufacturing or processing

business' laboratory equipment that is not located at the plant or facility, but that would otherwise qualify for exemption under subsection (3)(E).

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

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

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

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

(D) office machines and equipment including computers and related peripheral equipment not used directly and primarily to control or measure the manufacturing process;

(E) furniture and other furnishings;

(F) buildings, other than exempt machinery and equipment that is permanently affixed to or becomes a physical part of the building, and any other part of real estate that is not otherwise exempt;

(G) building fixtures that are not integral to the manufacturing operation, such as utility systems for heating, ventilation, air conditioning, communications, plumbing or electrical;

(H) machinery and equipment used for general plant heating, cooling and lighting;

(I) motor vehicles that are registered for operation on public highways; or

(J) employee apparel, except safety and protective apparel that is purchased by an employer and furnished gratuitously to employees who are involved in production or research activities.

(6) Subsections (3) and (5) shall not be construed as exclusive listings of the machinery and equipment that qualify or do not qualify as an integral or essential part of an integrated production operation. When machinery or equipment is used as an integral or essential part of production operations part of the time and for nonproduction purpose at other times, the primary use of the machinery or equipment shall determine whether or not such machinery or equipment qualifies for exemption.

(7) The secretary of revenue shall adopt rules and regulations necessary to administer the provisions of this subsection;

(ll) all sales of educational materials purchased for distribution to the public at no charge by a nonprofit corporation organized for the purpose of encouraging, fostering and conducting programs for the improvement of public health;

(mm) all sales of seeds and tree seedlings; fertilizers, insecticides, herbicides, germicides, pesticides and fungicides; and services, purchased and used for the purpose of producing plants in order to prevent soil erosion on land devoted to agricultural use;

(nn) except as otherwise provided in this act, all sales of services rendered by an advertising agency or licensed broadcast station or any member, agent or employee thereof;

(oo) all sales of tangible personal property purchased by a community action group or agency for the exclusive purpose of repairing or weatherizing housing occupied by low income individuals;

(pp) all sales of drill bits and explosives actually utilized in the exploration and production of oil or gas;

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

(rr) all sales of tangible personal property which will admit the purchaser thereof to any annual event sponsored by a nonprofit organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986;

(ss) all sales of tangible personal property and services purchased by a public broadcasting station licensed by the federal communications commission as a noncommercial educational television or radio station;

(tt) all sales of tangible personal property and services purchased by or on behalf of a not-for-profit corporation which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for the sole purpose of constructing a Kansas Korean War memorial;

(uu) all sales of tangible personal property and services purchased by or on behalf of any rural volunteer fire-fighting organization for use exclusively in the performance of its duties and functions;

(vv) all sales of tangible personal property purchased by any of the following organizations which are exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code of 1986, for the following purposes, and all sales of any such property by or on behalf of any such organization for any such purpose:

(1) The American Heart Association, Kansas Affiliate, Inc. for the purposes of providing education, training, certification in emergency cardiac care, research and other related services to reduce disability and death from cardiovascular diseases and stroke;

(2) the Kansas Alliance for the Mentally Ill, Inc. for the purpose of advocacy for persons with mental illness and to education, research and support for their families;

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

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

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

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

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

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

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

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

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

(12) *the CHWC, Inc., for the purpose of rebuilding urban core neighborhoods through the construction of new homes, acquiring and renovating existing homes and other related activities, and promoting economic development in such neighborhoods;*

(13) *the cross-lines cooperative council for the purpose of providing social services to low income individuals and families;*

(14) *the Dreams Work, Inc., for the purpose of providing young adult day services to individuals with developmental disabilities and assisting families in avoiding institutional or nursing home care for a developmentally disabled member of their family;*

(15) *the KSDS, Inc., for the purpose of promoting the independence and inclusion of people with disabilities as fully participating and contributing members of their communities*

*and society through the training and providing of guide and service dogs to people with disabilities, and providing disability education and awareness to the general public; and*

*(16) the lyme association of greater Kansas City, Inc., for the purpose of providing support to persons with lyme disease and public education relating to the prevention, treatment and cure of lyme disease;*

(ww) all sales of tangible personal property purchased by the Habitat for Humanity for the exclusive use of being incorporated within a housing project constructed by such organization;

(xx) all sales of tangible personal property and services purchased by a nonprofit zoo which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, or on behalf of such zoo by an entity itself exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986 contracted with to operate such zoo and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo which would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit zoo or the entity operating such zoo. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any nonprofit zoo. When any nonprofit zoo shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to the nonprofit zoo concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, the nonprofit zoo concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

(aaa) all sales of tangible personal property and services purchased by a religious organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the

federal internal revenue code, and used exclusively for religious purposes, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after July 1, 1998, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

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

(ccc) on and after July 1, 1999, all sales of tangible personal property and services purchased by a primary care clinic or health center the primary purpose of which is to provide services to medically underserved individuals and families, and which is exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such clinic or center which would be exempt from taxation under the provisions of this section if purchased directly by such clinic or center. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such clinic or center. When any such clinic or center shall contract for the purpose of constructing, equipping, reconstructing,

maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such clinic or center concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such clinic or center concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;

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

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

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

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

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

(iii) all sales of personal property and services purchased by an organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such personal property and services are used by any such organization in the collection, storage and distribution of food products to nonprofit organizations which distribute such food products to persons pursuant to a food distribution program on a charitable basis without fee or charge, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities used for the collection and storage of such food products for any such organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in such facilities or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in such facilities reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after July 1, 2005, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;

(iii) all sales of dietary supplements dispensed pursuant to a prescription order by a licensed practitioner or a mid-level practitioner as defined by K.S.A. 65-1626, and amendments thereto. As used in this subsection, "dietary supplement" means any product, other than tobacco, intended to supplement the diet that: (1) Contains one or more of the following dietary ingredients: A vitamin, a mineral, an herb or other botanical, an amino acid, a dietary substance for use by humans to supplement the diet by increasing the total dietary intake or a concentrate, metabolite, constituent, extract or combination of any such ingredient; (2) is intended for ingestion in tablet, capsule, powder, softgel, gelcap or liquid form, or if not intended for ingestion, in such a form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and (3) is required to be labeled

as a dietary supplement, identifiable by the supplemental facts box found on the label and as required pursuant to 21 C.F.R. § 101.36;

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

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

(nnn) all sales of tangible personal property and services purchased by the West Sedgwick County-Sunrise Rotary Club and Sunrise Charitable Fund for the purpose of constructing a boundless playground which is an integrated, barrier free and developmentally advantageous play environment for children of all abilities and disabilities;

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

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

(qqq) all sales of tangible personal property and services purchased by TLC for children and families, inc., hereinafter referred to as TLC, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing emergency shelter and treatment for abused and neglected children as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of TLC for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for TLC for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by TLC. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for TLC. When TLC contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to TLC a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, TLC shall be liable for tax on all materials purchased for

*the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;*

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

*(sss) all sales of tangible personal property and services purchased by catholic charities or youthville, hereinafter referred to as charitable family providers, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing emergency shelter and treatment for abused and neglected children as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of charitable family providers for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for charitable family providers for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by charitable family providers. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for charitable family providers. When charitable family providers contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to charitable family providers a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, charitable family providers shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto;*

*(ttt) all sales of tangible personal property or services purchased by a contractor for a project for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility owned by a nonprofit museum which has been granted an exemption pursuant to subsection (qq), which such home or facility is located in a city which has been designated as a qualified hometown pursuant to the provisions of K.S.A. 75-5071, et seq., and amendments thereto, and which*

such project is related to the purposes of K.S.A. 75-5071, et seq., and amendments thereto, and which would be exempt from taxation under the provisions of this section if purchased directly by such nonprofit museum. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility for any such nonprofit museum. When any such nonprofit museum shall contract for the purpose of restoring, constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling a home or facility, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificates to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project, the contractor shall furnish to such nonprofit museum a sworn statement on a form to be provided by the director of taxation that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in a home or facility or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such nonprofit museum shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto; and

(uuu) all sales of tangible personal property and services purchased by Kansas children's service league, hereinafter referred to as KCSL, which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and which such property and services are used for the purpose of providing for the prevention and treatment of child abuse and maltreatment as well as meeting additional critical needs for children, juveniles and family, and all sales of any such property by or on behalf of KCSL for any such purpose; and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the operation of services for KCSL for any such purpose which would be exempt from taxation under the provisions of this section if purchased directly by KCSL. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities for KCSL. When KCSL contracts for the purpose of constructing, maintaining, repairing, enlarging, furnishing or remodeling such facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to KCSL a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month

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

Also on page 34, in line 13, by striking “the” and inserting “a”; also in line 13, by striking all after “specific”; in line 14, by striking all before the comma and inserting “exemption provided by law”; in line 16, by striking “Such ex-”; by striking all in lines 17, 18 and 19; in line 20, by striking all before “The”;

On page 35, after line 41, by inserting the following:

“Sec. 4. K.S.A. 2005 Supp. 79-3635 is hereby amended to read as follows: 79-3635. (a)

(1) A claimant shall be entitled to a refund of retailers’ sales taxes paid upon food during the calendar year 1998 and each year thereafter in the amount hereinafter provided. There shall be allowed for each member of a household of a claimant having income of \$12,500 or less, an amount equal to \$72. There shall be allowed for each member of a household of a claimant having income of more than \$12,500 but not more than \$25,000, an amount equal to \$36. There shall be allowed for a claimant who qualifies for an additional personal exemption amount pursuant to K.S.A. 79-32,121, and amendments thereto, an additional amount of \$36 or \$72, as the case requires. All such claims 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 by a person or persons designated by the director.

(2) As an alternative to the procedure described by ~~paragraph 1~~ *subsection (a)(1)*, for all taxable years commencing after December 31, 2001, there shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas income tax act an amount equal to \$36 or \$72, as the case requires, for each member of a household. There shall be allowed for a claimant who qualifies for an additional personal exemption amount pursuant to K.S.A. 79-32,121, and amendments thereto, an additional amount of \$36 or \$72, as the case requires. If the amount of such tax credit exceeds the claimant’s income tax liability for such taxable year, such excess amount shall be refunded to the claimant.

(b) A head of household shall make application for refunds for all members of the same household upon a common form provided for the making of joint claims. All claims paid to members of the same household shall be paid as a joint claim by means of a single warrant.

(c) No claim for a refund of taxes under the provisions of K.S.A. 79-3632 et seq., *and amendments thereto*, shall be paid or allowed unless such claim is actually filed with and in the possession of the department of revenue on or before April 15 of the year next succeeding the year in which such taxes were paid. The director of taxation may: (1) Extend the time for filing any claim under the provisions of this act when good cause exists therefor; or (2) accept a claim filed after the deadline for filing in the case of sickness, absence or disability of the claimant if such claim has been filed within four years of such deadline.

(d) In the case of all tax years commencing after December 31, ~~2001~~ 2005, the threshold income amounts prescribed in this section and subsection (c) of K.S.A. 79-3633, and amendments thereto, *and the amounts of refund of taxes and the amounts of the tax credit, both as prescribed in this section*, shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1 (f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.”;

And by renumbering the remaining sections accordingly;

Also on page 35, in line 42, after “79-3606” by inserting “, as amended by section 4 of 2006 Senate Bill No. 76, 79-3635”;

On page 1, in the title, in line 17, before “amending” by inserting “refund of sales tax paid upon food, indexing of;”; in line 18, after “79-3606” by inserting “, as amended by section 4 of 2006 Senate Bill No. 76, 79-3635”;

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

KENNY A. WILK  
DAVID HUFF  
TOM THULL  
*Conferees on part of House*

BARBARA P. ALLEN  
LES DONOVAN  
JANIS K. LEE  
*Conferees on part of Senate*

On motion of Rep. Wilk, the conference committee report on **SB 404** was adopted.

On roll call, the vote was: Yeas 122; Nays 0; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Kirk, Knox, Krehbiel, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pilcher-Cook, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Ward, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: None.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 55**, submits the following report:

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

On page 1, by striking all in lines 17 through 43;

By striking all on pages 2 through 13, and by inserting the following:

"Section 1. K.S.A. 2005 Supp. 12-187, as amended by section 1 of 2006 House Bill No. 2698, is hereby amended to read as follows: 12-187. (a) ~~(1)~~ No city shall impose a retailers' sales tax under the provisions of this act without the governing body of such city having first submitted such proposition to and having received the approval of a majority of the electors of the city voting thereon at an election called and held therefor. The governing body of any city may submit the question of imposing a retailers' sales tax and the governing body shall be required to submit the question upon submission of a petition signed by electors of such city equal in number to not less than 10% of the electors of such city.

~~(2) The governing body of any class B city located in any county which does not impose a countywide retailers' sales tax pursuant to paragraph (5) of subsection (b) may submit the question of imposing a retailers' sales tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include but not be limited to the following: Local health departments, city, county or district hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home health care services, mental health services, indigent health~~

~~care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.~~

(b) (1) The board of county commissioners of any county may submit the question of imposing a countywide retailers' sales tax to the electors at an election called and held thereon, and any such board shall be required to submit the question upon submission of a petition signed by electors of such county equal in number to not less than 10% of the electors of such county who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than  $\frac{2}{3}$  of the membership of the governing body of each of one or more cities within such county which contains a population of not less than 25% of the entire population of the county, or upon receiving resolutions requesting such an election passed by  $\frac{2}{3}$  of the membership of the governing body of each of one or more taxing subdivisions within such county which levy not less than 25% of the property taxes levied by all taxing subdivisions within the county.

(2) The board of county commissioners of Anderson, Atchison, Barton, Butler, Chase, Cowley, Cherokee, Crawford, Ford, Jefferson, Lyon, Montgomery, Neosho, Osage, Ottawa, Riley, Saline, Seward, Sumner, Wabaunsee, Wilson and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility or other county administrative facility, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire when sales tax sufficient to pay all of the costs incurred in the financing of such facility has been collected by retailers as determined by the secretary of revenue. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley, Sumner or Wilson county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(3) (A) Except as otherwise provided in this paragraph, the result of the election held on November 8, 1988, on the question submitted by the board of county commissioners of Jackson county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the Banner Creek reservoir project. The tax imposed pursuant to this paragraph shall take effect on the effective date of this act and shall expire not later than five years after such date.

(B) The result of the election held on November 8, 1994, on the question submitted by the board of county commissioners of Ottawa county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the erection, construction and furnishing of a law enforcement center and jail facility.

(C) Except as otherwise provided in this paragraph, the result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Sedgwick county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be used only to pay the costs of: (i) Acquisition of a site and constructing and equipping thereon a new regional events center, associated parking and infrastructure improvements and related appurtenances thereto, to be located in the downtown area of the city of Wichita, Kansas, (the "downtown arena"); (ii) design for the Kansas coliseum complex and construction of improvements to the pavilions; and (iii) establishing an operating and maintenance reserve for the downtown arena and the Kansas coliseum complex. The tax imposed pursuant to this paragraph shall commence on July 1, 2005, and shall terminate not later than 30 months after the commencement thereof.

(4) The board of county commissioners of Finney and Ford counties may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing all or any portion of the cost to be paid by Finney or Ford county for construction of highway projects identified as system enhancements under the provisions of paragraph (5) of subsection (b) of K.S.A. 68-2314,

and amendments thereto, to the electors at an election called and held thereon. Such election shall be called and held in the manner provided by the general bond law. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Finney or Ford county pursuant to this paragraph to exceed the maximum rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Finney county, the state treasurer shall remit such funds to the treasurer of Finney county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Ford county, the state treasurer shall remit such funds to the treasurer of Ford county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund.

(5) The board of county commissioners of any county may submit the question of imposing a retailers' sales tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. Whenever any county imposes a tax pursuant to this paragraph, any tax imposed pursuant to paragraph (2) of subsection (a) by any city located in such county shall expire upon the effective date of the imposition of the countywide tax, and thereafter the state treasurer shall remit to each such city that portion of the countywide tax revenue collected by retailers within such city as certified by the director of taxation. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include but not be limited to the following: Local health departments, city or county hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(6) The board of county commissioners of Allen county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% and pledging the revenue received therefrom for the purpose of financing the costs of operation and construction of a solid waste disposal area or the modification of an existing landfill to comply with federal regulations to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of the project undertaken. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Allen county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189 and amendments thereto.

(7) The board of county commissioners of Clay, Dickinson and Miami county may submit the question of imposing a countywide retailers' sales tax at the rate of .50% in the case of Clay and Dickinson county and at a rate of up to 1% in the case of Miami county, and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. Except as otherwise provided, the tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected. The result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Miami county for the purpose of extending for an additional five-year period the countywide retailers' sales tax imposed pursuant to this subsection in Miami county is hereby declared valid. The countywide retailers' sales tax imposed pursuant to this subsection in Clay and Miami county may be extended or reenacted for additional five-year periods upon the board of county commissioners of Clay and Miami county submitting such question to the electors at an election called and held thereon for each additional five-year period as provided by law.

(8) The board of county commissioners of Sherman county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received therefrom for the purpose of financing the costs of street and roadway improvements to the

electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(9) The board of county commissioners of Cowley, Russell and Woodson county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% in the case of Russell and Woodson county and at a rate of up to .25%, in the case of Cowley county and pledging the revenue received therefrom for the purpose of financing economic development initiatives or public infrastructure projects. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(10) The board of county commissioners of Franklin county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing recreational facilities. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.

(11) The board of county commissioners of Douglas county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purposes of preservation, access and management of open space, and for industrial and business park related economic development.

(12) The board of county commissioners of Shawnee county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom to the city of Topeka for the purpose of financing the costs of rebuilding the Topeka boulevard bridge and other public infrastructure improvements associated with such project to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such project.

(13) The board of county commissioners of Jackson county may submit the question of imposing a countywide retailers' sales tax at a rate of .4% and pledging the revenue received therefrom as follows: 50% of such revenues for the purpose of financing for economic development initiatives; and 50% of such revenues for the purpose of financing public infrastructure projects to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after seven years from the date such tax is first collected.

(14) The board of county commissioners of Neosho county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(c) The boards of county commissioners of any two or more contiguous counties, upon adoption of a joint resolution by such boards, may submit the question of imposing a retailers' sales tax within such counties to the electors of such counties at an election called and held thereon and such boards of any two or more contiguous counties shall be required to submit such question upon submission of a petition in each of such counties, signed by a number of electors of each of such counties where submitted equal in number to not less than 10% of the electors of each of such counties who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than  $\frac{2}{3}$  of the membership of the governing body of each of one or more cities within each of such counties which contains a population of not less than 25% of the entire population of each of such counties, or upon receiving resolutions requesting such an election passed by  $\frac{2}{3}$  of the membership of the governing body of each of one or more taxing subdivisions within each of such counties which levy not less than 25% of the property taxes levied by all taxing subdivisions within each of such counties.

(d) Any city retailers' sales tax ~~in the amount of .5% being levied by a city on prior to July 1, 1990~~ ~~2006~~, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax or until repealed by the adoption of an ordinance so providing. ~~In addition to any city retailers' sales tax being levied by a city on July 1, 1990, any such city may adopt an additional city retailers' sales tax in the amount of .25% or .5%, provided that such additional tax is adopted and approved in the manner provided for the~~

adoption and approval of a city retailers' sales tax *for such repeal*. Any countywide retailers' sales tax in the amount of .5% or 1% in effect on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

~~(e)~~ A class D city shall have the same power to levy and collect a city retailers' sales tax that a class A city is authorized to levy and collect and in addition, the governing body of any class D city may submit the question of imposing an additional city retailers' sales tax in the amount of .125%, .25%, .5% or .75% and pledging the revenue received therefrom for economic development initiatives, strategic planning initiatives or for public infrastructure projects including buildings to the electors at an election called and held thereon. Any additional sales tax imposed pursuant to this paragraph shall expire no later than five years from the date of imposition thereof, except that any such tax imposed by any class D city after the effective date of this act shall expire no later than 10 years from the date of imposition thereof.

~~(f)~~ Any city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be accomplished in the manner provided herein for the adoption and approval of such tax except that the repeal of any such city retailers' sales tax may be accomplished by the adoption of an ordinance so providing.

~~(g)~~ (f) The sufficiency of the number of signers of any petition filed under this section shall be determined by the county election officer. Every election held under this act shall be conducted by the county election officer.

~~(h)~~ (g) The governing body of the city or county proposing to levy any retailers' sales tax shall specify the purpose or purposes for which the revenue would be used, and a statement generally describing such purpose or purposes shall be included as a part of the ballot proposition.

Sec. 2. K.S.A. 2005 Supp. 12-189, as amended by section 2 of 2006 House Bill No. 2698, is hereby amended to read as follows: 12-189. ~~Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, The rate of any class A, class B or class C city retailers' sales tax shall be fixed in increments of .05% and in the amount of .25%, .5%, .75% or 1% not to exceed 2% for general purposes and not to exceed 1% for special purposes which amount shall be determined by the governing body of the city. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate of any class D city retailers' sales tax shall be fixed in the amount of .10%, .25%, .5%, .75%, 1%, 1.125%, 1.25%, 1.5% or 1.75%. For any retailers' sales tax imposed by a city for special purposes, such city shall specify the purposes for which such tax is imposed. All such special purpose retailers' sales taxes imposed by a city shall expire after 10 years from the date such tax is first collected.~~ The rate of any countywide retailers' sales tax shall be fixed in an amount of either .25%, .5%, .75% or 1% which amount shall be determined by the board of county commissioners, except that:

(a) The board of county commissioners of Wabaunsee county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%; the board of county commissioners of Osage county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25% or 1.5%; the board of county commissioners of Cherokee, Crawford, Ford, Saline, Seward or Wyandotte county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%; the board of county commissioners of Atchison county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5% or 1.75% and the board of county commis-

sioners of Anderson, Barton, Jefferson or Ottawa county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;

(b) the board of county commissioners of Jackson county, for the purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;

(c) the boards of county commissioners of Finney and Ford counties, for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at .25%;

(d) the board of county commissioners of any county for the purposes of paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners on the effective date of this act plus .25%, .5%, .75% or 1%, as the case requires;

(e) the board of county commissioners of Dickinson county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%, and the board of county commissioners of Miami county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%, 1.5%, 1.75% or 2%;

(f) the board of county commissioners of Sherman county, for the purposes of paragraph (8) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2.25%;

(g) the board of county commissioners of Russell county for the purposes of paragraph (9) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%;

(h) the board of county commissioners of Franklin county, for the purposes of paragraph (10) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.75%;

(i) the board of county commissioners of Douglas county, for the purposes of paragraph (11) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%;

(j) the board of county commissioners of Jackson county, for the purposes of subsection (b)(13) of K.S.A. 12-187 and amendments thereto, may fix such rate at 1.4%;

(k) the board of county commissioners of Sedgwick county, for the purposes of paragraph (3)(C) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%; or

(l) the board of county commissioners of Neosho county, for the purposes of paragraph (14) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.0% or 1.5%.

Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof.

Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. Such copy shall be submitted to the director of taxation within 30 days after adoption of any such ordinance or resolution. All moneys collected by the director of taxation under the provisions of this section shall be credited to a county and city retailers' sales tax fund which fund is hereby established in the state treasury. Any refund due on any county or city retailers' sales tax collected pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. Except for local retailers' sales tax revenue required to be deposited in the redevelopment bond fund established under K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax revenue collected within any county or city pursuant to this act shall be apportioned and

remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city.

Revenue that is received from the imposition of a local retailers' sales tax which exceeds the amount of revenue required to pay the costs of a special project for which such revenue was pledged shall be credited to the city or county general fund, as the case requires.

The director of taxation shall provide, upon request by a city or county clerk or treasurer or finance officer of any city or county levying a local retailers' sales tax, monthly reports identifying each retailer doing business in such city or county or making taxable sales sourced to such city or county, setting forth the tax liability and the amount of such tax remitted by each retailer during the preceding month and identifying each business location maintained by the retailer and such retailer's sales or use tax registration or account number. Such report shall be made available to the clerk or treasurer or finance officer of such city or county within a reasonable time after it has been requested from the director of taxation. The director of taxation shall be allowed to assess a reasonable fee for the issuance of such report. Information received by any city or county pursuant to this section shall be confidential, and it shall be unlawful for any officer or employee of such city or county to divulge any such information in any manner. Any violation of this paragraph by a city or county officer or employee is a class A misdemeanor, and such officer or employee shall be dismissed from office. Reports of violations of this paragraph shall be investigated by the attorney general. The district attorney or county attorney and the attorney general shall have authority to prosecute violations of this paragraph.

Sec. 3. K.S.A. 2005 Supp. 12-194 is hereby amended to read as follows: 12-194. (a) *Subject to the provisions of subsections (b) and (c), no city or county shall levy or impose an excise tax or a tax in the nature of an excise, other than a retailers' sales tax and a compensating use tax, upon the sale or transfer of personal or real property, or the use thereof, or the rendering of a service; but the provisions of this section shall not be construed as prohibiting any city from ~~(a)~~: (1) Contracting with a utility for a fixed charge based upon a percentage of gross receipts derived from the service permitted by grant, right, privilege or franchise to such utility; ~~(b)~~ (2) imposing an occupation tax or license fee for the privilege of engaging in any business, trade, occupation or profession, or rendering or furnishing any service, but the determination of any such license fee shall not be based upon any amount the licensee has received from the sale or transfer of personal or real property, or for the rendering or furnishing of a service, or on the income of the licensee; ~~or (c)~~ (3) levying any occupation tax or license fee imposed by such city prior to the effective date of this act; (4) retaining any development excise tax as levied or imposed by such city in existence on January 1, 2006; or (5) levying an excise tax on tickets for admissions to concerts, theatrical performances, sports contests or other similar performances which take place on property owned by a city or county.*

(b) No license fee described in subsection ~~(b)~~ of this section (a)(2) shall be imposed upon any utility contracting with and subject to a charge, described in subsection ~~(a)~~ of this section (a)(1), by such city.

(c) (1) *On or after July 1, 2006, no city that has levied or imposed any tax described in subsection (a)(4) shall increase the rate of such tax without the governing body of such city having first submitted a proposition to increase the rate of such development excise tax to and having received the approval of a majority of the electors of the city voting thereon at an election called and held therefor.*

(2) *Any city proposing to increase the rate of a development excise tax shall give notice of its intention to submit such proposition for approval by the electors by publishing notice of such election in a newspaper of general circulation in the city, once each week for two consecutive weeks. The first publication shall be not less than 21 days prior to the election. The notices shall state the time of the election and the rate and effective date of the proposed tax rate increase. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the increase of such tax rate, the governing body of any such city shall provide by ordinance for the increase of the tax rate.*

(3) *Every election held under this act shall be conducted by the county election officer.*

*(4) The governing body of the city proposing to increase such a development excise tax shall specify the purpose or purposes for which the revenue would be used, and a statement generally describing such purpose or purposes shall be included as a part of the ballot proposition.*

Sec. 4. K.S.A. 12-195b, as amended by section 3 of 2006 House Bill No. 2698, is hereby amended to read as follows: 12-195b. The governing body of any city or county by the appropriate ordinance or resolution, may authorize the issuance of general obligation bonds to provide for the payment of all or any portion of the cost of any public facilities or improvements for which such city or county is otherwise authorized pursuant to the constitution or laws of this state to issue general obligation bonds. The governing body may pledge revenues received from countywide or city retailers' sales taxes imposed pursuant to K.S.A. 12-187 et seq., and amendments thereto, for the payment of such bonds. The pledge of revenues received from countywide or city retailers' sales taxes for payment of such bonds shall constitute an irrevocable pledge of the revenues and shall be made a lien on the revenues for the benefit of bondholders. Any bonds issued under this section shall be subject to the following requirements:

(a) Before the governing body of any city or county shall issue any general obligation bonds as authorized herein, the governing body shall cause to be prepared a comprehensive feasibility study showing that revenues received from a countywide or city retailers' sales tax would be sufficient to retire such bonds.

(b) Such bonds shall constitute a general obligation of the city or county payable from the pledged revenue received from countywide or city retailers' sales taxes and if not so paid such bonds shall be payable from ad valorem taxes which for the purpose of paying such bonds may be levied without limit as to rate or amount by the city or county, and shall be printed as provided in K.S.A. 10-112, and amendments thereto.

(c) Any bonds issued under the provisions of this section and the interest thereon, shall be exempt from all taxes levied by the state of Kansas or any political or taxing subdivision thereof, except inheritance taxes.

(d) All bonds which are to be financed in accordance with the provisions of this section shall be subject to any statutory limitation of bonded indebtedness imposed on a city or county unless:

(1) The law authorizing the issuance of such bonds specifically excludes such bonds from any statutory limitation of bonded indebtedness;

(2) the bonds are excluded from the computation of bonded indebtedness pursuant to K.S.A. 10-307 or 10-309, and amendments thereto; or

(3) the bonds are issued by ~~a class C city or~~ Douglas county or Sherman county.

(e) In the event the governing body of a city or county proposes to issue such bonds, and the question of issuing bonds as authorized herein has not previously been submitted to and approved by the voters of the city or county such proposition shall be published once each week for two consecutive weeks in its official newspaper. If within 30 days after the last publication of the proposition, a petition is filed with the county election officer signed by not less than 5% of the electors of the city or county who voted in the last preceding general election of the city or county, then no such bonds shall be issued unless the proposition is submitted to and approved by a majority of the voters of the city or county voting at an election held thereon. Any such elections shall be called and held in accordance with the provisions of K.S.A. 10-120, and amendments thereto, or in accordance with the provisions of the mail ballot election act.

Sec. 5. K.S.A. 12-195b, as amended by section 3 of 2006 House Bill No. 2698, and K.S.A. 2005 Supp. 12-187, as amended by section 1 of 2006 House Bill No. 2698, 12-188, 12-189, as amended by section 2 of 2006 House Bill No. 2698, and 12-194 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.”;

Also on page 1, in the title, in line 12, by striking all after “ACT”; by striking all in line 13; in line 14, by striking all before the period and inserting “concerning sales taxation; relating to retailers' sales tax, authority of cities; excise tax, limitations; amending K.S.A. 12-195b, as amended by section 3 of 2006 House Bill No. 2698, and K.S.A. 2005 Supp. 12-187, as amended by section 1 of 2006 House Bill No. 2698, 12-189, as amended by section

2 of 2006 House Bill No. 2698, and 12-194 and repealing the existing sections; also repealing K.S.A. 2005 Supp. 12-188”;

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

KENNY A. WILK  
DAVID HUFF  
TOM THULL  
*Conferees on part of House*

BARBARA P. ALLEN  
LES DONOVAN  
JANIS K. LEE  
*Conferees on part of Senate*

On motion of Rep. Wilk, the conference committee report on **SB 55** was adopted.

On roll call, the vote was: Yeas 121; Nays 1; Present but not voting: 0; Absent or not voting: 3.

Yeas: Aurand, Ballard, Beamer, Bethell, Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Carter, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaharty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, M. Holmes, Horst, Huebert, Huff, Humerickhouse, Huntington, Hutchins, Huy, D. Johnson, E. Johnson, Kelley, Kelsey, Kiegerl, Kilpatrick, Kinzer, Kirk, Knox, Krehbiel, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Mast, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, Merrick, F. Miller, M. Miller, Jim Morrison, Judy Morrison, Myers, Neufeld, O'Malley, Oharah, Olson, Otto, Owens, Pauls, Peck, Peterson, Phelps, Pilcher-Cook, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, Schwab, Schwartz, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Watkins, Weber, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: Ward.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

#### CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 435**, submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill, as printed as House Substitute for Senate Bill No. 435, as follows:

On page 1, by striking all in lines 14 through 38 and inserting the following:

“Section 1. K.S.A. 2005 Supp. 12-187, as amended by section 1 of 2006 House Bill No. 2698, is hereby amended to read as follows: 12-187. (a) (1) No city shall impose a retailers' sales tax under the provisions of this act without the governing body of such city having first submitted such proposition to and having received the approval of a majority of the electors of the city voting thereon at an election called and held therefor. The governing body of any city may submit the question of imposing a retailers' sales tax and the governing body shall be required to submit the question upon submission of a petition signed by electors of such city equal in number to not less than 10% of the electors of such city.

(2) The governing body of any class B city located in any county which does not impose a countywide retailers' sales tax pursuant to paragraph (5) of subsection (b) may submit the question of imposing a retailers' sales tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include but not be limited to the following: Local health departments, city, county or district hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry

into nursing homes by home health care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(b) (1) The board of county commissioners of any county may submit the question of imposing a countywide retailers' sales tax to the electors at an election called and held thereon, and any such board shall be required to submit the question upon submission of a petition signed by electors of such county equal in number to not less than 10% of the electors of such county who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than  $\frac{2}{3}$  of the membership of the governing body of each of one or more cities within such county which contains a population of not less than 25% of the entire population of the county, or upon receiving resolutions requesting such an election passed by  $\frac{2}{3}$  of the membership of the governing body of each of one or more taxing subdivisions within such county which levy not less than 25% of the property taxes levied by all taxing subdivisions within the county.

(2) The board of county commissioners of Anderson, Atchison, Barton, Butler, Chase, Cowley, Cherokee, Crawford, Ford, Jefferson, Lyon, *Marion*, Montgomery, Neosho, Osage, Ottawa, *Reno*, Riley, Saline, Seward, Sumner, Wabaunsee, Wilson and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility or other county administrative facility, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire when sales tax sufficient to pay all of the costs incurred in the financing of such facility has been collected by retailers as determined by the secretary of revenue. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Butler, Chase, Cowley, Lyon, Montgomery, Neosho, Riley, Sumner or Wilson county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(3) (A) Except as otherwise provided in this paragraph, the result of the election held on November 8, 1988, on the question submitted by the board of county commissioners of Jackson county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the Banner Creek reservoir project. The tax imposed pursuant to this paragraph shall take effect on the effective date of this act and shall expire not later than five years after such date.

(B) The result of the election held on November 8, 1994, on the question submitted by the board of county commissioners of Ottawa county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the erection, construction and furnishing of a law enforcement center and jail facility.

(C) Except as otherwise provided in this paragraph, the result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Sedgwick county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be used only to pay the costs of: (i) Acquisition of a site and constructing and equipping thereon a new regional events center, associated parking and infrastructure improvements and related appurtenances thereto, to be located in the downtown area of the city of Wichita, Kansas, (the "downtown arena"); (ii) design for the Kansas coliseum complex and construction of improvements to the pavilions; and (iii) establishing an operating and maintenance reserve for the downtown arena and the Kansas coliseum complex. The tax imposed pursuant to this paragraph shall commence on July 1, 2005, and shall terminate not later than 30 months after the commencement thereof.

(4) The board of county commissioners of Finney and Ford counties may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing all or any portion of the cost to be paid by Finney or Ford county for construction of highway projects identified as system

enhancements under the provisions of paragraph (5) of subsection (b) of K.S.A. 68-2314, and amendments thereto, to the electors at an election called and held thereon. Such election shall be called and held in the manner provided by the general bond law. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Finney or Ford county pursuant to this paragraph to exceed the maximum rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Finney county, the state treasurer shall remit such funds to the treasurer of Finney county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Ford county, the state treasurer shall remit such funds to the treasurer of Ford county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund.

(5) The board of county commissioners of any county may submit the question of imposing a retailers' sales tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. Whenever any county imposes a tax pursuant to this paragraph, any tax imposed pursuant to paragraph (2) of subsection (a) by any city located in such county shall expire upon the effective date of the imposition of the countywide tax, and thereafter the state treasurer shall remit to each such city that portion of the countywide tax revenue collected by retailers within such city as certified by the director of taxation. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include but not be limited to the following: Local health departments, city or county hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(6) The board of county commissioners of Allen county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% and pledging the revenue received therefrom for the purpose of financing the costs of operation and construction of a solid waste disposal area or the modification of an existing landfill to comply with federal regulations to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of the project undertaken. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Allen county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189 and amendments thereto.

(7) The board of county commissioners of Clay, Dickinson and Miami county may submit the question of imposing a countywide retailers' sales tax at the rate of .50% in the case of Clay and Dickinson county and at a rate of up to 1% in the case of Miami county, and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. Except as otherwise provided, the tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected. The result of the election held on November 2, 2004, on the question submitted by the board of county commissioners of Miami county for the purpose of extending for an additional five-year period the countywide retailers' sales tax imposed pursuant to this subsection in Miami county is hereby declared valid. The countywide retailers' sales tax imposed pursuant to this subsection in Clay and Miami county may be extended or reenacted for additional five-year periods upon the board of county commissioners of Clay and Miami county submitting such question to the electors at an election called and held thereon for each additional five-year period as provided by law.

(8) The board of county commissioners of Sherman county may submit the question of imposing a countywide retailers' sales tax at the rate of 1% and pledging the revenue received

therefrom for the purpose of financing the costs of street and roadway improvements to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(9) The board of county commissioners of Cowley, *Crawford*, Russell and Woodson county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% in the case of *Crawford*, Russell and Woodson county and at a rate of up to .25%, in the case of Cowley county and pledging the revenue received therefrom for the purpose of financing economic development initiatives or public infrastructure projects. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(10) The board of county commissioners of Franklin county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing recreational facilities. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.

(11) The board of county commissioners of Douglas county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purposes of preservation, access and management of open space, and for industrial and business park related economic development.

(12) The board of county commissioners of Shawnee county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom to the city of Topeka for the purpose of financing the costs of rebuilding the Topeka boulevard bridge and other public infrastructure improvements associated with such project to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such project.

(13) The board of county commissioners of Jackson county may submit the question of imposing a countywide retailers' sales tax at a rate of .4% and pledging the revenue received therefrom as follows: 50% of such revenues for the purpose of financing for economic development initiatives; and 50% of such revenues for the purpose of financing public infrastructure projects to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after seven years from the date such tax is first collected.

(14) The board of county commissioners of Neosho county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(15) *The board of county commissioners of Saline county may submit the question of imposing a countywide retailers' sales tax at the rate of up to .5% and pledging the revenue received therefrom for the purpose of financing the costs of construction and operation of an expo center to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.*

(16) *The board of county commissioners of Harvey county may submit the question of imposing a countywide retailers' sales tax at the rate of 1.0% and pledging the revenue received therefrom for the purpose of financing the costs of property tax relief, economic development initiatives and public infrastructure improvements to the electors at an election called and held thereon.*

(17) *The board of county commissioners of Atchison county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing the costs of construction and maintenance of sports and recreational facilities to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.*

(c) The boards of county commissioners of any two or more contiguous counties, upon adoption of a joint resolution by such boards, may submit the question of imposing a re-

tailers' sales tax within such counties to the electors of such counties at an election called and held thereon and such boards of any two or more contiguous counties shall be required to submit such question upon submission of a petition in each of such counties, signed by a number of electors of each of such counties where submitted equal in number to not less than 10% of the electors of each of such counties who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than  $\frac{2}{3}$  of the membership of the governing body of each of one or more cities within each of such counties which contains a population of not less than 25% of the entire population of each of such counties, or upon receiving resolutions requesting such an election passed by  $\frac{2}{3}$  of the membership of the governing body of each of one or more taxing subdivisions within each of such counties which levy not less than 25% of the property taxes levied by all taxing subdivisions within each of such counties.

(d) Any city retailers' sales tax in the amount of .5% being levied by a city on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax or until repealed by the adoption of an ordinance so providing. In addition to any city retailers' sales tax being levied by a city on July 1, 1990, any such city may adopt an additional city retailers' sales tax in the amount of .25% or .5%, provided that such additional tax is adopted and approved in the manner provided for the adoption and approval of a city retailers' sales tax. Any countywide retailers' sales tax in the amount of .5% or 1% in effect on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

(e) A class D city shall have the same power to levy and collect a city retailers' sales tax that a class A city is authorized to levy and collect and in addition, the governing body of any class D city may submit the question of imposing an additional city retailers' sales tax in the amount of .125%, .25%, .5% or .75% and pledging the revenue received therefrom for economic development initiatives, strategic planning initiatives or for public infrastructure projects including buildings to the electors at an election called and held thereon. Any additional sales tax imposed pursuant to this paragraph shall expire no later than five years from the date of imposition thereof, except that any such tax imposed by any class D city after the effective date of this act shall expire no later than 10 years from the date of imposition thereof.

(f) Any city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be accomplished in the manner provided herein for the adoption and approval of such tax except that the repeal of any such city retailers' sales tax may be accomplished by the adoption of an ordinance so providing.

(g) The sufficiency of the number of signers of any petition filed under this section shall be determined by the county election officer. Every election held under this act shall be conducted by the county election officer.

(h) The governing body of the city or county proposing to levy any retailers' sales tax shall specify the purpose or purposes for which the revenue would be used, and a statement generally describing such purpose or purposes shall be included as a part of the ballot proposition.

Sec. 2. K.S.A. 2005 Supp. 12-189, as amended by section 2 of 2006 House Bill No. 2698, is hereby amended to read as follows: 12-189. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate of any class A, class B or class C city retailers' sales tax shall be fixed in the amount of .25%, .5%, .75% or 1% which amount shall be determined by the governing body of the city. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the

rate of any class D city retailers' sales tax shall be fixed in the amount of .10%, .25%, .5%, .75%, 1%, 1.125%, 1.25%, 1.5% or 1.75%. The rate of any countywide retailers' sales tax shall be fixed in an amount of either .25%, .5%, .75% or 1% which amount shall be determined by the board of county commissioners, except that:

(a) The board of county commissioners of Wabaunsee county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%; the board of county commissioners of Osage *or Reno* county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25% or 1.5%; the board of county commissioners of Cherokee, Crawford, Ford, Saline, Seward or Wyandotte county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%; the board of county commissioners of Atchison county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5% or 1.75% ~~and~~; the board of county commissioners of Anderson, Barton, Jefferson or Ottawa county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%; *and the board of county commissioners of Marion county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2.5%;*

(b) the board of county commissioners of Jackson county, for the purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;

(c) the boards of county commissioners of Finney and Ford counties, for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at .25%;

(d) the board of county commissioners of any county for the purposes of paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners on the effective date of this act plus .25%, .5%, .75% or 1%, as the case requires;

(e) the board of county commissioners of Dickinson county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%, and the board of county commissioners of Miami county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%, 1.5%, 1.75% or 2%;

(f) the board of county commissioners of Sherman county, for the purposes of paragraph (8) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2.25%;

(g) the board of county commissioners of *Crawford or Russell* county for the purposes of paragraph (9) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%;

(h) the board of county commissioners of Franklin county, for the purposes of paragraph (10) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.75%;

(i) the board of county commissioners of Douglas county, for the purposes of paragraph (11) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%;

(j) the board of county commissioners of Jackson county, for the purposes of subsection (b)(13) of K.S.A. 12-187 and amendments thereto, may fix such rate at 1.4%;

(k) the board of county commissioners of Sedgwick county, for the purposes of paragraph (3)(C) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%; ~~or~~

(l) the board of county commissioners of Neosho county, for the purposes of paragraph (14) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.0% or 1.5%;

*(m) the board of county commissioners of Saline county, for the purposes of subsection (15) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at up to 1.5%;*

*(n) the board of county commissioners of Harvey county, for the purposes of paragraph (16) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2.0%; and*

*(o) the board of county commissioners of Atchison county, for the purpose of paragraph (17) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by the board of county commissioners of Atchison county on the effective date of this act plus .25%.*

Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof.

Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. Such copy shall be submitted to the director of taxation within 30 days after adoption of any such ordinance or resolution. All moneys collected by the director of taxation under the provisions of this section shall be credited to a county and city retailers' sales tax fund which fund is hereby established in the state treasury. Any refund due on any county or city retailers' sales tax collected pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. Except for local retailers' sales tax revenue required to be deposited in the redevelopment bond fund established under K.S.A. 74-8927, and amendments thereto, all local retailers' sales tax revenue collected within any county or city pursuant to this act shall be apportioned and remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city.

Revenue that is received from the imposition of a local retailers' sales tax which exceeds the amount of revenue required to pay the costs of a special project for which such revenue was pledged shall be credited to the city or county general fund, as the case requires.

The director of taxation shall provide, upon request by a city or county clerk or treasurer or finance officer of any city or county levying a local retailers' sales tax, monthly reports identifying each retailer doing business in such city or county or making taxable sales sourced to such city or county, setting forth the tax liability and the amount of such tax remitted by each retailer during the preceding month and identifying each business location maintained by the retailer and such retailer's sales or use tax registration or account number. Such report shall be made available to the clerk or treasurer or finance officer of such city or county within a reasonable time after it has been requested from the director of taxation. The director of taxation shall be allowed to assess a reasonable fee for the issuance of such report. Information received by any city or county pursuant to this section shall be confidential, and it shall be unlawful for any officer or employee of such city or county to divulge any such information in any manner. Any violation of this paragraph by a city or county officer or employee is a class A misdemeanor, and such officer or employee shall be dismissed from office. Reports of violations of this paragraph shall be investigated by the attorney general. The district attorney or county attorney and the attorney general shall have authority to prosecute violations of this paragraph.

Sec. 3. K.S.A. 2005 Supp. 12-192 is hereby amended to read as follows: 12-192. (a) Except as otherwise provided by subsection (b), (d) or (h), all revenue received by the director of taxation from a countywide retailers' sales tax shall be apportioned among the county and each city located in such county in the following manner: (1) One-half of all revenue received by the director of taxation shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year, and (2)  $\frac{1}{2}$  of all revenue received by the director of taxation from such countywide retailers' sales tax shall be apportioned among the county

and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county, except that no persons residing within the Fort Riley military reservation shall be included in the determination of the population of any city located within Riley county. All revenue apportioned to a county shall be paid to its county treasurer and shall be credited to the general fund of the county.

(b) (1) As an alternative and in lieu of the apportionment formula provided in subsection (a), all revenue received by the director of taxation from a countywide retailers' sales tax imposed within Johnson county at the rate of .75% or 1% after the effective date of this act may be apportioned among the county and each city located in such county in the following manner: (A) The revenue received from the first .5% rate of tax shall be apportioned in the manner prescribed by subsection (a) and (B) the revenue received from the rate of tax exceeding .5% shall be apportioned as follows: (i) One-fourth shall be apportioned among the county and each city located in such county in the proportion that the total tangible property tax levies made in such county in the preceding year for all funds of each such governmental unit bear to the total of all such levies made in the preceding year and (ii) one-fourth shall be apportioned among the county and each city located in such county, first to the county that portion of the revenue equal to the proportion that the population of the county residing in the unincorporated area of the county bears to the total population of the county, and second to the cities in the proportion that the population of each city bears to the total population of the county and (iii) one-half shall be retained by the county for its sole use and benefit.

(2) In lieu of the apportionment formula provided in subsection (a), all money received by the director of taxation from a countywide sales tax imposed within Montgomery county pursuant to the election held on November 8, 1994, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged. All revenue apportioned and paid from the imposition of such tax to the treasurer of any city prior to the effective date of this act shall be remitted to the county treasurer and expended only for the purpose for which the revenue received from the tax was pledged.

(3) *In lieu of the apportionment formula provided in subsection (a), on and after the effective date of this act, all moneys received by the director of taxation from a countywide retailers' sales tax imposed within Phillips county pursuant to the election held on September 20, 2005, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.*

(c) (1) Except as otherwise provided by paragraph (2) of this subsection, for purposes of subsections (a) and (b), the term "total tangible property tax levies" means the aggregate dollar amount of tax revenue derived from ad valorem tax levies applicable to all tangible property located within each such city or county. The ad valorem property tax levy of any county or city district entity or subdivision shall be included within this term if the levy of any such district entity or subdivision is applicable to all tangible property located within each such city or county.

(2) For the purposes of subsections (a) and (b), any ad valorem property tax levied on property located in a city in Johnson county for the purpose of providing fire protection service in such city shall be included within the term "total tangible property tax levies" for such city regardless of its applicability to all tangible property located within each such city. If the tax is levied by a district which extends across city boundaries, for purposes of this computation, the amount of such levy shall be apportioned among each city in which such district extends in the proportion that such tax levied within each city bears to the total tax levied by the district.

(d) (1) All revenue received from a countywide retailers' sales tax imposed pursuant to paragraphs (2), (3)(C), (6), (7), (8), (9), (12) ~~or~~, (14) ~~or~~, (15) ~~or~~, (16) or (17) of subsection (b) of K.S.A. 12-187, and amendments thereto, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.

(2) Except as otherwise provided in paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, all revenues received from a countywide retailers' sales tax imposed pursuant to paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, shall be remitted to and shall be retained by the county and expended only for the purpose for which the revenue received from the tax was pledged.

(e) All revenue apportioned to the several cities of the county shall be paid to the respective treasurers thereof and deposited in the general fund of the city. Whenever the territory of any city is located in two or more counties and any one or more of such counties do not levy a countywide retailers' sales tax, or whenever such counties do not levy countywide retailers' sales taxes at a uniform rate, the revenue received by such city from the proceeds of the countywide retailers' sales tax, as an alternative to depositing the same in the general fund, may be used for the purpose of reducing the tax levies of such city upon the taxable tangible property located within the county levying such countywide retailers' sales tax.

(f) Prior to March 1 of each year, the secretary of revenue shall advise each county treasurer of the revenue collected in such county from the state retailers' sales tax for the preceding calendar year.

(g) Prior to December 31 of each year, the clerk of every county imposing a countywide retailers' sales tax shall provide such information deemed necessary by the secretary of revenue to apportion and remit revenue to the counties and cities pursuant to this section.

(h) The provisions of subsections (a) and (b) for the apportionment of countywide retailers' sales tax shall not apply to any revenues received pursuant to a county or countywide retailers' sales tax levied or collected under K.S.A. 74-8929, and amendments thereto. All such revenue collected under K.S.A. 74-8929, and amendments thereto, shall be deposited into the redevelopment bond fund established by K.S.A. 74-8927, and amendments thereto, for the period of time set forth in K.S.A. 74-8927, and amendments thereto.

Sec. 4. K.S.A. 2005 Supp. 12-187, as amended by section 1 of 2006 House Bill No. 2698, 12-189, as amended by section 2 of 2006 House Bill No. 2698, and 12-192 are hereby repealed. Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.”; Also on page 1, in the title, in line 9, by striking all after “ACT”; by striking all in line 10; in line 11, by striking all before the period and inserting “concerning sales taxation; relating to authority for countywide retailers' sales tax in certain counties; amending K.S.A. 2005 Supp. 12-187, as amended by section 1 of 2006 House Bill No. 2698, 12-189, as amended by section 2 of 2006 House Bill No. 2698, and 12-192 and repealing the existing sections”;

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

KENNY A. WILK  
DAVID HUFF  
TOM THULL  
*Conferees on part of House*

BARBARA P. ALLEN  
DEREK SCHMIDT  
JANIS K. LEE  
*Conferees on part of Senate*

On motion of Rep. Wilk, the conference committee report on **H. Sub. for SB 435** was adopted.

On roll call, the vote was: Yeas 102; Nays 20; Present but not voting: 0; Absent or not voting: 3.

Yeas: Ballard, Beamer, Bethell, Burgess, Burroughs, Carlin, Carlson, Colloton, Cox, Craft, Crow, Dahl, Davis, DeCastro, Decker, Dillmore, Faber, Faust-Goudeau, Feuerborn, Flaherty, Flora, Freeborn, Garcia, Gatewood, George, Goico, Gordon, Grange, Grant, Hawk, Hayzlett, Henderson, Henry, Hill, Holland, C. Holmes, Horst, Huff, Humerickhouse, Huntington, D. Johnson, E. Johnson, Kelsey, Kiegerl, Kirk, Krehbiel, Kuether, Landwehr, Lane, Light, Loganbill, Long, Loyd, Lukert, Mah, Masterson, Mays, McCreary, McKinney, McLeland, Menghini, F. Miller, M. Miller, Jim Morrison, Myers, Neufeld, O'Malley, Olson,

Otto, Owens, Pauls, Peck, Peterson, Phelps, Pottorff, Powell, Proehl, Roth, Ruff, Ruiz, Sawyer, B. Sharp, S. Sharp, Shultz, Siegfried, Sloan, Storm, Svaty, Swenson, Tafanelli, Thull, Treaster, Trimmer, Vickrey, Ward, Watkins, Wilk, Williams, Winn, Wolf, Yoder, Yonally.

Nays: Aurand, Brown, Brunk, Carter, M. Holmes, Huebert, Hutchins, Huy, Kelley, Kilpatrick, Kinzer, Knox, Mast, Merrick, Judy Morrison, Oharah, Pilcher-Cook, Schwab, Schwartz, Weber.

Present but not voting: None.

Absent or not voting: Edmonds, O'Neal, Powers.

**REPORT ON ENROLLED BILLS**

**HB 2129, HB 2541, HB 2585; Sub. HB 2706; HB 2748, HB 2893** reported correctly enrolled, properly signed and presented to the governor on May 8, 2006.

**REPORT ON ENROLLED RESOLUTIONS**

**HCR 5037, HCR 5042** reported correctly enrolled and properly signed on May 8, 2006.

On motion of Rep. Aurand, the House adjourned until 11:00 a.m., Tuesday, May 9, 2006.

CHARLENE SWANSON, *Journal Clerk*.

JANET E. JONES, *Chief Clerk*.

