

Journal of the Senate

SEVENTY-NINTH DAY

SENATE CHAMBER, TOPEKA, KANSAS
Wednesday, June 3, 2015, 10:00 a.m.

The Senate was called to order by President Susan Wagle.

The roll was called with 39 senators present.

Senator Arpke was excused.

Invocation by Reverend Cecil T. Washington:

Heavenly Father,

In view of our financial predicament, a principle that You've given to guide our decisions is found in Luke 16:10. You said, whoever can be trusted with little can also be trusted with much. With that in mind, Lord, this seems to be a time when You're trusting us with little. What we have is very little in view of what we need. And there's a real struggle going on, trying to be trustworthy. Lord, guide our stewardship over whatever resources there are that we might prove worthy of Your trust. And as we're going through, help us pass the test of the "little," looking forward to the test of the "much." Take us through this time of testing to a time of testimony. And when the struggles of these days are well behind us, let our testimony be like that of King David. You said he was a man after Your own heart as You placed him in leadership (1 Samuel 13:14.) Later, as he reflected on how You blessed him, he exclaimed in Psalm 37:25, that he had, at one time, been young and was now old, yet had never seen the righteous forsaken or their children begging for bread. Like David, You've entrusted us with leadership responsibility. Like David, give us hearts after You. Let the "little" in our state's resources, be blessed by Your hand. And like David, we'll look back in gratefulness when You're trusting us with the "much"! In the name of Jesus, Amen

The Pledge of Allegiance was led by President Susan Wagle.

COMMITTEE OF THE WHOLE

On motion of Senator Bruce, the Senate resolved itself into Committee of the Whole, for consideration of bills on the calendar under the heading of General Orders with Senator Longbine in the chair.

On motion of Senator Longbine the following report was adopted:

Committee of the Whole actions on **S Sub HB 2109** from June 2, 2015 (Senate Session Day 78 Journal, pages 1005 – 1017) and the following:

S Sub HB 2109 be further amended by motion of Senator Bruce, As Further Amended by Senate Committee of the Whole, by striking all parts contained in the amendment designated *fa_2015_hb2109_s_2392* adopted by the Senate Committee of the Whole on June 2, 2015, that made amendments on pages 103, 105, 106 and 108;

On page 109, after line 31, by inserting the following:

"Sec. 11. K.S.A. 2014 Supp. 79-3603, as amended by section 20, of 2015 Senate Substitute for House Bill 2155, is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of 6.15%. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:

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

(b) the gross receipts from intrastate, interstate or international telecommunications services and any ancillary services sourced to this state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments thereto, except that telecommunications service does not include: (1) Any interstate or international 800 or 900 service; (2) any interstate or international private communications service as defined in K.S.A. 2014 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice data service; (4) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including carrier access services; or (5) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by section 1504 of the federal internal revenue code of 1986, as in effect on January 1, 2001;

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

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

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

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

services, whether automatic or manually operated;

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

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

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

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

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

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

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

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

(n) the gross receipts received from dues charged by public and private clubs, drinking establishments, organizations and businesses, payment of which entitles a

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

(o) the gross receipts received from the isolated or occasional sale of motor vehicles or trailers but not including: (1) The transfer of motor vehicles or trailers by a person to a corporation or limited liability company solely in exchange for stock securities or membership interest in such corporation or limited liability company; (2) the transfer of motor vehicles or trailers by one corporation or limited liability company to another when all of the assets of such corporation or limited liability company are transferred to such other corporation or limited liability company; or (3) the sale of motor vehicles or trailers which are subject to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and amendments thereto, by an immediate family member to another immediate family member. For the purposes of paragraph (3), immediate family member means lineal ascendants or descendants, and their spouses. Any amount of sales tax paid pursuant to the Kansas retailers sales tax act on the isolated or occasional sale of motor vehicles or trailers on and after July 1, 2004, which the base for computing the tax was the value pursuant to K.S.A. 79-5105(a), (b)(1) and (b)(2), and amendments thereto, when such amount was higher than the amount of sales tax which would have been paid under the law as it existed on June 30, 2004, shall be refunded to the taxpayer pursuant to the procedure prescribed by this section. Such refund shall be in an amount equal to the difference between the amount of sales tax paid by the taxpayer and the amount of sales tax which would have been paid by the taxpayer under the law as it existed on June 30, 2004. Each claim for a sales tax refund shall be verified and submitted not later than six months from the effective date of this act to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of tax paid as provided by this act. All such refunds shall be paid from the sales tax refund fund, upon warrants of the director of accounts and reports pursuant to vouchers approved by the director of taxation or the director's designee. No refund for an amount less than \$10 shall be paid pursuant to this act. In determining the base for computing the tax on such isolated or occasional sale, the fair market value of any motor vehicle or trailer traded in by the purchaser to the seller may be deducted from the selling price;

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

For the purposes of this subsection:

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

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

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

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

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

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

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

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

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

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

(u) the gross receipts received from the sale of prepaid calling service and prepaid wireless calling service as defined in K.S.A. 2014 Supp. 79-3673, and amendments thereto;

(v) all sales of bingo cards, bingo faces and instant bingo tickets by licensees under section 1 of 2015 Senate Substitute for House Bill No. 2155, et seq., and amendments thereto, shall be exempt from taxes imposed pursuant to this section; ~~and~~

(w) all sales of charitable raffle tickets in accordance with section 1 of 2015 Senate Substitute for House Bill No. 2155, et seq., and amendments thereto, shall be exempt from taxes imposed pursuant to this section; and

(x) commencing January 1, 2016, and thereafter, the gross receipts from the sale of food and food ingredients shall be taxed at the rate of 5.7%.

Sec. 12. K.S.A. 2014 Supp. 79-3620 is hereby amended to read as follows: 79-3620 (a) All revenue collected or received by the director of taxation from the taxes imposed by this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsections (c), (d) and (e), to the credit of the state general fund.

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

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

(2) ~~The state treasurer shall credit ⁷/₁₀₆ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.~~

(3) ~~On July 1, 2006, the state treasurer shall credit ¹⁹/₇₂₆₅ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.~~

(4) ~~On July 1, 2007, the state treasurer shall credit ¹²/₇₁₀₆ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.~~

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

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

(7)(3) ~~On July 1, 2012, the state treasurer shall credit 11.233% of the revenue~~

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

~~(8)(4)~~ On July 1, 2013, ~~and thereafter~~, the state treasurer shall credit 17.073% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 6.15%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(5) (A) On July 1, 2015, the state treasurer shall credit 17.141% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 6.15%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(B) On January 1, 2016, the state treasurer shall credit 17.141% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.15% and 5.7%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(6) On July 1, 2016, and thereafter, the state treasurer shall credit 17.234% of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rates of 6.15% and 5.7%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a STAR bond project district occupied by a STAR bond project or taxpayers doing business with such entity financed by a STAR bond project as defined in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, that was determined by the secretary of commerce to be of statewide as well as local importance or will create a major tourism area for the state or the project was designated as a STAR bond project as defined in K.S.A. 2014 Supp. 12-17,162, and amendments thereto, to the city bond finance fund, which fund is hereby created. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under ~~subsection (d) of K.S.A. 79-3710(d)~~, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such STAR bond project.

(e) All revenue certified by the director of taxation as having been collected or received from the tax imposed by ~~subsection (e) of K.S.A. 79-3603(c)~~, and amendments thereto, on the sale or furnishing of gas, water, electricity and heat for use or consumption within the intermodal facility district described in this subsection, shall be credited by the state treasurer to the state highway fund. Such revenue may be transferred by the secretary of transportation to the rail service improvement fund pursuant to law. The provisions of this subsection shall take effect upon certification by the secretary of transportation that a notice to proceed has been received for the construction of the improvements within the intermodal facility district, but not later than December 31, 2010, and shall expire when the secretary of revenue determines that the total of all amounts credited hereunder and pursuant to ~~subsection (e) of K.S.A. 79-3710(e)~~, and amendments thereto, is equal to \$53,300,000, but not later than December 31, 2045. Thereafter, all revenues shall be collected and distributed in accordance with applicable law. For all tax reporting periods during which the provisions of this

subsection are in effect, none of the exemptions contained in K.S.A. 79-3601 et seq., and amendments thereto, shall apply to the sale or furnishing of any gas, water, electricity and heat for use or consumption within the intermodal facility district. As used in this subsection, "intermodal facility district" shall consist of an intermodal transportation area as defined by ~~subsection (oo)~~ of K.S.A. 12-1770a(oo), and amendments thereto, located in Johnson county within the polygonal-shaped area having Waverly Road as the eastern boundary, 191st Street as the southern boundary, Four Corners Road as the western boundary, and Highway 56 as the northern boundary, and the polygonal-shaped area having Poplar Road as the eastern boundary, 183rd Street as the southern boundary, Waverly Road as the western boundary, and the BNSF mainline track as the northern boundary, that includes capital investment in an amount exceeding \$150 million for the construction of an intermodal facility to handle the transfer, storage and distribution of freight through railway and trucking operations.

Sec. 13 K.S.A. 2014 Supp. 79-3703 is hereby amended to read as follows: 79-3703. There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of 6.15%. except that commencing January 1, 2016, such rate shall be 5.7% on food and food ingredients as defined by K.S.A. 79-3602, and amendments thereto. Within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax of 2% until the earlier of: (1) The date the bonds issued to finance or refinance the redevelopment project undertaken in the district have been paid in full; or (2) the final scheduled maturity of the first series of bonds issued to finance the redevelopment project. All property purchased or leased within or without this state and subsequently used, stored or consumed in this state shall be subject to the compensating tax if the same property or transaction would have been subject to the Kansas retailers' sales tax had the transaction been wholly within this state.

Sec. 14. K.S.A. 2014 Supp. 79-3710 is hereby amended to read as follows: 79-3710. (a) All revenue collected or received by the director under the provisions of this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts set apart as provided in subsection (b) and amounts credited as provided in subsection (c), (d) and (e), to the credit of the state general fund.

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

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

(2) ~~The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or received from the~~

tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

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

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

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

~~(6)~~~~(2)~~ On July 1, 2011, the state treasurer shall credit 11.26% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

~~(7)~~~~(3)~~ On July 1, 2012, the state treasurer shall credit 11.233% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.3%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

~~(8)~~~~(4)~~ On July 1, 2013, and thereafter, the state treasurer shall credit 17.073% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.15%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(5) (A) On July 1, 2015, the state treasurer shall credit 17.141% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 6.15%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(B) On January 1, 2016, the state treasurer shall credit 17.141% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates of 6.15% and 5.7%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(6) On July 1, 2016, and thereafter, the state treasurer shall credit 17.234% of the revenue collected and received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rates of 6.15% and 5.7%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a redevelopment district occupied by a redevelopment project that was determined by the secretary of commerce to be of statewide as well as local importance or will create a major tourism area for the state as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond finance fund created by ~~subsection (d) of~~ K.S.A. 79-3620(d), and amendments thereto. The

provisions of this subsection shall expire when the total of all amounts credited hereunder and under ~~subsection (d)~~ of K.S.A. 79-3620(d), and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such redevelopment project.

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

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

Also on page 109, in line 33, after "79-32,265" by inserting a comma; by striking all in line 34; in line 35, by striking "and" as inserted by the amendment designated fa 2015_hb2109_s_2416 adopted by the Senate Committee of the Whole on June 2, 2015,;" also in line 35, by striking all before "are" and inserting " 79-3603, as amended by section 20 of 2015 Senate Substitute for House Bill No. 2155, 79-3606, 79-3620, 79-3703 and 79-3710"

And by renumbering sections accordingly;

On page 1, in the title, in line 15, after "exemptions" by inserting ", rates, distribution thereof"; in line 18, after "79-32,265" by inserting a comma; by striking all in line 19; in line 20 by striking "and" as inserted by the amendment designated fa 2015_hb2109_s_2416 adopted by the Senate Committee of the Whole on June 2, 2015,;" also in line 20, by striking all before the second "and" and inserting "79-3603, as amended by section 20 of 2015 Senate Substitute for House Bill No. 2155, 79-3606, 79-3620, 79-3703 and 79-3710"

and **S Sub HB 2109** be passed as amended.

FINAL ACTION ON BILLS AND CONCURRENT RESOLUTIONS

On motion of Senator Bruce an emergency was declared by a 2/3 constitutional majority, and **S Sub HB 2109** was advanced to Final Action and roll call.

S Sub HB 2109, AN ACT concerning taxation; relating to tax amnesty; income tax, eligibility for credits; property tax exemptions; sales and compensating use tax, exemptions; income tax, subtraction modifications; motor vehicle taxation; sales and compensating use tax, rates, distribution thereof; amending K.S.A. 79-5108 and K.S.A. 2014 Supp. 79-201, as amended by section 4 of 2015 Senate Bill No. 91, 79-32,117, 79-32,265, 79-3603, as amended by section 20 of 2015 Senate Substitute for House Bill No. 2155, 79-3606, 79-3620, 79-3703 and 79-3710 and repealing the existing sections.

On roll call, the vote was: Yeas 25; Nays 13; Present and Passing 1; Absent or Not Voting 1.

Yeas: Baumgardner, Bowers, Bruce, Denning, Donovan, Fitzgerald, Francisco, Holmes, Kerschen, King, LaTurner, Longbine, Love, Lynn, Masterson, Melcher, O'Donnell, Olson, Petersen, Pilcher-Cook, Powell, Smith, Tyson, Wagle, Wilborn.

Nays: Abrams, Faust-Goudeau, Haley, Hawk, Hensley, Kelly, Knox, McGinn, Ostmeyer, Pettey, Pyle, Schmidt, Wolf.

Present and Passing: Holland.

Absent or Not Voting: Arpke.

The substitute bill passed, as amended.

EXPLANATION OF VOTE

Madam President: I vote "Aye" on **S Sub HB 2109**, hoping that the House will non-concur and that the bill will go to conference committee. The Senate is obligated to address the shortfall in the budget. Now, after full debate, I hope the conference committee will make recommendations to set our tax policy in a direction that is more fair, balanced, and stable. I appreciate the support in the Senate for including the proposal for a bifurcated sales tax that sets a lower rate on sales of food. I agree with the proposals to repeal the "by and on behalf of" in sales tax exemptions, continue to send letters for motor vehicle tax notification, and correct the tax treatment for Christmas tree farms. I would like hearings before some other policies added in amendments on the floor are recommended, especially the requirement for cities and counties to hold elections if increases in their budgets funded by revenue produced from the total tangible property valuation exceeds the change in the consumer price index. The legislature should work to keep property tax increases to a minimum by including appropriate levels of funding for infrastructure and services in the state budget.—MARCI FRANCISCO

Madam President: I vote "No" on **S Sub HB 2109**. In a speech Governor Brownback made earlier this year he blamed the Kansas Legislature for our budget shortfall. One of my favorite Presidents, Harry Truman, made one of the most difficult decisions in American history – to drop the atom bomb on two cities in Japan to end World War II. There was a sign on Truman's desk that stated, "The buck stops here." If there were a sign on Sam Brownback's desk it would read, "The buck stops anywhere but here."

This bill is the result of a Governor who either intentionally refuses to lead or doesn't know how to. The Governor blames everyone else for our budget shortfall but himself. The legendary UCLA basketball coach John Wooden once said, "You are not a failure until you start blaming others for your mistakes." This bill is also the result of a Governor who, in the 2012 primary elections, wanted to change the makeup of the Kansas Senate. He got exactly what he wanted. And, now the order of the day is gridlock and dysfunction, which at the end of the day, I predict, will result in the largest tax increase in Kansas history.—ANTHONY HENSLEY

Madam President: I ran for the senate on cutting taxes and forcing government to live within its means. Squaring that with some of the realities we face this session has been difficult. A vote to pass out this incomplete bill was an impossibility for me until yesterday. Property tax reform is enabling me to vote yes today and in part will enable me to vote yes on future conference committee reports. It has been estimated that if a property tax lid were in place it could have potentially saved Kansas tax payers over five billion dollars in the last 17 years. It is also estimated that in the next ten years it could potentially save Kansans over \$2.2 billion in property tax increases. This reform will make a tangible difference in our constituents lives, and it will make our state more competitive regionally. I vote yes today so this will be the senate position and trust that our conferees will use a position that was strongly endorsed by this body in future conference committee reports. I vote "Yes" on **S Sub HB 2109**, Madam President.—JACOB LATURNER

Senators Pilcher-Cook and Smith request the record to show they concur with the "Explanation of Vote" offered by Senator LaTurner on **S Sub HB 2109**.

Madam President: I am voting against **S Sub HB 2109** for several reasons, but primarily due to a particularly egregious attack on local government that was put on the bill yesterday in the form of a previously unconsidered floor amendment. The amendment would tie the hands of local elected officials through an unrealistic property tax lid that does not take into account community growth for which local governments have to build infrastructure. Finally, the amendment is just one more example of the legislature refusing to recognize all of the costs that counties are forced to pay for through property taxes as the legislature rejects more and more of its own responsibility. I believe government closest to the people is best.—CAROLYN MCGINN

Senator Pettey requests the record to show she concurs with the "Explanation of Vote" offered by Senator McGinn on **S Sub HB 2109**.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **Senate Substitute for HB 2281** 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.

MARY PILCHER-COOK

MICHAEL O'DONNELL

LAURA KELLY

Conferees on part of Senate

DANIEL HAWKINS
SCOTT SCHWAB
Conferees on part of House

On motion of Senator Pilcher-Cook the Senate adopted the conference committee report on **S Sub HB 2281**, and requested a new conference be appointed.

The President appointed Senators Pilcher-Cook, O'Donnell and Kelly as a second Conference Committee on the part of the Senate on **S Sub HB 2281**.

On motion of Senator Bruce, the Senate recessed until 2:00 p.m.

The Senate met pursuant to recess with President Wagle in the chair.

MESSAGE FROM THE HOUSE

The House nonconcur in Senate amendments to **S Sub HB 2109**, requests a conference and has appointed Representatives Kleebe, Suellentrop and Sawyer as conferees on the part of the House.

The House adopts the Conference Committee report on **H Sub SB 112**.

ORIGINAL MOTION

On motion of Senator Donovan, the Senate acceded to the request of the House for a conference on **S Sub HB 2109**.

The President appointed Senators Donovan, Tyson and Holland as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate recessed until 4:30 p.m.

The Senate met pursuant to recess with President Wagle in the Chair.

MESSAGE FROM THE HOUSE

The House announced the appointment of Reps. Schwartz and Henry to replace Reps. Macheers and Ballard as conferees on **S Sub HB 2135**.

On motion of Senator Bruce, the Senate adjourned until 10:00 am., Thursday, June 4, 2015.

ROSE MARIE GLATT, CHARLENE BAILEY, CINDY SHEPARD, *Journal Clerks*.
COREY CARNAHAN, *Secretary of the Senate*.

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