

## FREE CONFERENCE COMMITTEE REPORT

The Free Conference Committee on  HB  SB 272 has met as provided in the Rules of the House and Senate and hereby reports the following to be adopted:

GA  SCS  HCS

For the above-referenced bill, with these amendments (if applicable):

Committee (list by chamber and number): \_\_\_\_\_ ;

Floor (list by chamber and number): \_\_\_\_\_ ; and

The following Free Conference Committee action:

By amending HB 272/SCS as follows:

On page 8, line 17, after "income," by inserting "*including state and local general sales taxes allowed in lieu of state and local income taxes under the provisions of Section 164(b)(5) of the Internal Revenue Code,*"; and

On page 14, line 17, by deleting ";" and inserting " "; and

On page 14, between lines 17 and 18, by inserting the following using heading 2 with a tab:

*"Corporation" shall not include any publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code that is treated as a partnership for federal tax purposes under Section 7704(c) of the Internal Revenue Code or its publicly traded partnership affiliates. "Publicly traded partnership affiliates" shall include any limited liability company or limited partnership for which at least eighty percent (80%) of the limited liability company member interests or limited partner interests are owned directly or indirectly by the publicly traded partnership;*"; and

On page 15, line 7, delete the words "used by the taxpayer", and insert in their place "specified by the Internal Revenue Service", and

On page 15, at the end of line 7 and all of line 8, by deleting the words "tax; and" and inserting in their place the following: "tax. In determining cost of goods sold:

(a) Labor costs shall be limited to direct labor costs as defined in subsection (28) of this section; and

(b) Bulk delivery costs as defined in subsection (29) of this section may be included;", and

On page 15, line 11, by adding the following at the end of the line: ";

(28) "Direct labor" means labor that is incorporated into the product sold or is an integral part of the manufacturing process; and

(29) "Bulk delivery costs" means the cost of delivering the product to the consumer if the product is delivered in bulk and requires specialized equipment that generally precludes commercial shipping and is taxable under KRS 138.220"; and

On page 26, line 11, after "under" by inserting "subparagraph 1. or 2. of"; and

On page 26, line 24, after "to" by inserting "the lesser of the amount computed under"; and

On page 27, line 5, by deleting the word "two" and inserting in its place "one" and by deleting the word "fifty" and inserting in its place "seventy-five" and by deleting "(\$250)" and inserting in its place "(\$175)"; and

On page 34, by deleting lines 8 through 15 in their entirety; and

On page 44, line 16, after "company" by inserting ", provider of communications services or multichannel video programming services as defined in Section 89 of this Act,"; and

On page 61, line 15, after "141.040" by inserting ", including any publicly traded partnership as defined by Section 7704(b) of the Internal Revenue Code that is treated as a partnership for federal tax purposes under Section 7704(c) of the Internal Revenue Code and its publicly traded partnership affiliates. "Publicly traded partnership affiliates" shall include any limited liability company or limited partnership for which at least eighty percent (80%) of the limited liability

*company member interests or limited partner interests are owned directly or indirectly by the publicly traded partnership.*"; and

On page 68, line 24, by deleting "for" and inserting in lieu thereof "from"; and

On page 78, line 20, by deleting the second "of" and inserting in lieu thereof "or"; and

On page 91, line 22, after "income" by inserting ", gross receipts or Kentucky gross profits";  
and

On page 91, line 24, after "income, by inserting ", gross receipts or Kentucky gross profits";  
and

On page 122, line 21, after "service" by inserting "or"; and

On page 124, line 12, by deleting "and" and inserting "or"; and

On page 124, line 23, by deleting "and" and inserting "or"; and

On page 199, line 8, after "(4)" insert "(a)"; and

On page 199, line 14, after the word "Act.", insert the following:

*"(b) 1. Notwithstanding the provisions of paragraph (a) of this subsection, for purposes of offsetting the costs associated with paying the tax imposed under subsection (2) of Section 81 of this Act, the cabinet shall allow a limited amount of compensation in addition to the compensation provided in paragraph (a) for a restricted time to any licensed wholesaler. The additional compensation shall be an amount of tax evidence, attributable to the tax assessed in subsection (1) of Section 81 of this Act, equal to twelve cents (\$0.12) face value for each three dollars (\$3) of tax evidence purchased at face value on or after June 1, 2005, and before December 1, 2005. The additional compensation provided shall sunset 12 midnight November 30, 2005.*

*2. During the six (6) month period beginning on June 1, 2005, and ending before December 1, 2005, no licensed wholesaler or stamping agent shall receive the additional compensation provided under subparagraph 1. of this subsection on*

*the purchase of an amount of stamps over one hundred fifty percent (150%) of the total number of stamps purchased by the same licensed wholesaler or stamping agent for the period beginning on December 1, 2004, and ending before May 31, 2005.*"; and

On page 199, line 14, before the first "The" insert "(c)"; and

On page 199, line 14, after "compensation" insert the following:

*as provided in paragraphs (a) and (b) of this subsection*"; and

On page 243, line 7, after "services" by inserting "or communications services" and

On page 287, line 24, by deleting "constructed after" and inserting in lieu thereof "beginning commercial operation on or after"; and

On page 288, lines 3 and 4, by deleting "after January 1, 2005."; and

On page 288, line 4, after "for" by inserting "commercial"; and

On page 288, line 6 and 7, by deleting "implemented after January 1, 2005." and inserting in lieu thereof "incorporated"; and

On page 288, line 14, by deleting "2005" and inserting in lieu thereof "2006"; and

On page 305, line 10, by deleting "Council" the first time it appears on that line and by inserting in lieu thereof "'Council'"; and

On page 314, after line 27, by inserting the following:

"Section 155. KRS 229.031 is amended to read as follows:

- (1) Every person conducting a professional boxing or wrestling match or exhibition, other than those holding a permit under subsection (1) of KRS 229.061, shall, within twenty-four (24) hours after the termination of every match or exhibition, furnish to the commission a written report, verified by the person, if an individual, or by some officer, if a corporation or association, showing the number of tickets sold for the match or exhibition, the amount of the gross receipts from such sale and such other matters as the commission prescribes. He shall also, within the same period, pay to the commission a tax of five percent (5%) of the gross

receipts from the sale of all tickets to the match or exhibition.

- (2) He shall also pay to the commission, as soon as possible, a tax of five percent (5%) of the gross receipts from all other sources, direct or indirect, **except that the tax shall not apply to**~~including but not by way of limitation~~ the gross receipts from the sale, lease or other exploitation of broadcasting, television and motion picture rights of such contests. He shall also, prior to any such professional boxing or wrestling match or exhibition, file with the commission a copy of each contract involving compensation of the contestants and a copy of each contract under which he will receive, directly or indirectly, compensation from any source whatsoever. Any person making payments under any such contract shall promptly report to the commission the amount of any such payments.
- (3) All taxes required to be paid by this section shall be computed on the gross receipts without any deduction whatsoever for commissions, brokerage, distribution fees, advertising or other expenses, charges or recoupments in respect thereto, exclusive of any federal excise taxes.
- (4) Any person supplying radio, television or cable facilities for the broadcast or televising of any professional match shall, prior to the contest, notify the commission."; and

by renumbering all subsequent sections accordingly.

**Senate Members**

- \_\_\_\_\_  
President David Williams
- \_\_\_\_\_  
Senator Katie Kratz Stine
- \_\_\_\_\_  
Senator Dan Kelly
- \_\_\_\_\_  
Senator Richie Sanders
- \_\_\_\_\_  
Senator Dan Seum
- \_\_\_\_\_  
Senator Charlie Borders, Chair
- \_\_\_\_\_  
Senator Ernie Harris
- \_\_\_\_\_  
Senator Brett Guthrie
- \_\_\_\_\_  
Senator Ed Worley
- \_\_\_\_\_  
Senator Johnny Ray Turner
- \_\_\_\_\_  
Senator Joey Pendleton

**House Members**

- \_\_\_\_\_  
Speaker Jody Richards
- \_\_\_\_\_  
Representative Larry Clark
- \_\_\_\_\_  
Representative Rocky Adkins
- \_\_\_\_\_  
Representative Robert Damron
- \_\_\_\_\_  
Representative Joe Barrows
- \_\_\_\_\_  
Representative Harry Moberly, Chair
- \_\_\_\_\_  
Representative Jeffrey Hoover
- \_\_\_\_\_  
Representative Bob DeWeese
- \_\_\_\_\_  
Representative Ken Upchurch
- \_\_\_\_\_

The above-named members, in separate votes by house, all concur in the provisions of this report.

\_\_\_\_\_  
DATE

HB  SB 272

Doc. ID: 054281

For Clerk's Use: Adopted: \_\_\_\_\_  
Repassage Vote: \_\_\_\_\_