

# Journal of the Senate

## FIFTY-FIRST DAY

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SENATE CHAMBER, TOPEKA, KANSAS  
 Wednesday, March 21, 2007—2:30 p.m.

The Senate was called to order by President Stephen Morris.  
 The roll was called with forty senators present.  
 Invocation by Chaplain Fred S. Hollomon:

Heavenly Father,  
 According to my calendar  
 This is the first day of Spring.  
 Trees are budding, flowers blooming,  
 And the birds are starting to sing.  
 Some may ask, "What does that  
 Have to do with anything?"  
 My answer is, "It has to do  
 With almost everything."  
 It's the sign of re-awakening, Lord,  
 Of all that You created.  
 While the sun and moon stay on the course  
 That You, O God, mandated.  
 In Topeka the sun arose today  
 At seven twenty-five.  
 Tonight the sun will set  
 At seven thirty-five.  
 Now we could pass a law today  
 That the sun must set at nine;  
 But the earth will not slow its speed,  
 And the sun will set on time.  
 The apostle Paul says nature reveals  
 With animal, tree, and star  
 Not only that there is a God,  
 But what kind of God You are!  
 In World War II, I was trained to be  
 An aerial navigator;  
 And the stars You made confirmed to me  
 That You are our Creator.  
 And for that I will be forever grateful  
 In Jesus' Name, AMEN

### GUESTS

Senator Francisco rose on a Point of Personal Privilege to introduce Lorraine Cannistra  
 — Miss Wheelchair Kansas. Senators welcomed her with a standing ovation.

**REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS**

The following bill was referred to Committee as indicated:

Ways and Means: **HB 2556**.

**MESSAGE FROM THE GOVERNOR**

**SB 75, SB 85** approved on March 21, 2007.

**MESSAGE FROM THE HOUSE**

Announcing passage of **Substitute HB 2451; HB 2528**.

Adoption of **HCR 5016**.

Also, passage of **SB 235, SB 259**.

Passage of **SB 35**, as amended by **House Substitute SB 35; SB 137**, as amended.

The House concurs in Senate amendments to **HB 2278** and requests the Senate to return the bill.

The House accedes to the request of the Senate for a conference on **SB 23** and has appointed Representatives Merrick, Spaulding and Storm as conferees on the part of the House.

Announcing the House nonconcur in Senate amendments to **Senate Substitute for HB 2295**, requests a conference and has appointed Representatives Brunk, Kiegerl and Ruiz as conferees on the part of the House.

**INTRODUCTION OF HOUSE BILLS AND CONCURRENT RESOLUTIONS**

**Substitute HB 2451; HB 2528; HCR 5016** were thereupon introduced and read by title.

**ORIGINAL MOTION**

On motion of Senator Brungardt, the Senate acceded to the request of the House for a conference on **S Sub for HB 2295**.

The President appointed Senators Brungardt, Reitz and Gilstrap as conferees on the part of the Senate.

**CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2034**, 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 1, in line 33, by striking "2009" and inserting "2011";

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

JAY SCOTT EMLER

PAT APPLE

JANIS K. LEE

*Conferees on part of Senate*

CARL DEAN HOLMES

ROBERT OLSON

ANNIE KUETHER

*Conferees on part of House*

Senator Emler moved the Senate adopt the Conference Committee Report on **HB 2034**.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeier, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The Conference Committee report was adopted.

**CONFERENCE COMMITTEE REPORT**

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2036**, 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 1 in line 35, by striking “at any”; in line 36, by striking “time upon request or”; in line 38, after the comma, by inserting “and at any other time upon request.”;

On page 5, by striking all in lines 1 through 43 and inserting the following:

**KANSAS ENERGY EFFICIENCY DISCLOSURE**

*As required by KSA 66-1228*

Kansas law requires the person building or selling a previously unoccupied new residential structure which is a single family or multifamily unit of four units or less shall disclose to the buyer or a prospective buyer, prior to the signing of the contract to purchase and prior to closing if changes have occurred or are requested, and at any other time upon request, information regarding the energy efficiency of the structure. For new residential structures that are completed and suitable for occupancy, but unsold, the completed disclosure form shall be made available to the buyer or a prospective buyer by the builder or seller when the residence is shown and at any other time upon request.

Common Address or Legal Description of Residence: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Part 1: Builder *must* describe the following energy efficiency elements of this house:**

	<b>Actual Value</b>	<b>2006 IRC/IECC° Zone 4</b>	<b>2006 IRC/IECC° Zone 5</b>
<b>Wall Insulation R-Value</b>	_____	R-13	R-19 or 13 + 5
<b>Attic Insulation R-Value</b>	_____	R-38	R-38
<b>Foundation Insulation R-Value</b>			
Basement Walls	_____	R-10/13	R-10/13
Crawlspace Walls	_____	R-10/13	R-10/13
Slab-on-Grade	_____	R-10, 2 ft	R-10, 2 ft
<b>Floors over Unheated Spaces R-Value</b>	_____	R-19	R-30
<b>Window U-Value</b>	_____	0.40	0.35
	<b>Actual Value</b>	<b>Current Federal Manufacturing Standards**</b>	
<b>Water Heater</b>			
Gas or Propane (Energy Factor)	_____	0.67 - (0.00019 × _____ <sup>***</sup> ) = _____	
Electric (Energy Factor)	_____	0.97 - (0.00019 × _____ <sup>***</sup> ) = _____	
<b>Heating and Cooling Equipment</b>			
Warm-Air Furnace (AFUE)	_____	0.78	
Air Conditioner (SEER)	_____	13	
Air-Source Heat Pump-Cooling (SEER)	_____	13	
Air-Source Heat Pump (HSPF)	_____	7.7	

[Note: Federal standards for geothermal heat pumps are not available in 2006.]

**Part 2: Builder may provide the following additional information about this house:**

\_\_\_\_\_ This residence has been/will be built to meet the energy-efficiency standards of the International Energy Conservation Code of 2006 (IECC 2006).

\_\_\_\_\_ This residence is an Energy Star Qualified Home and has been verified and field tested in accordance with RESNET standards by a RESNET-accredited provider.

\_\_\_\_\_ This residence has received a Home Energy Rating (HERS) index score of 100 or less based on an energy audit performed in accordance with the Mortgage Industry National Home Energy Rating Systems Standards (July 1, 2006) by a rater certified by Residential Energy Services Network (RESNET).

Seller Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Seller Name and Address: \_\_\_\_\_  
 Buyer Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Buyer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

° See reverse for more information on existing standards and explanation of abbreviations.

°° Equipment meeting federal standards may not always be available.

°°° Insert rated storage volume in gallons.

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

JAY SCOTT EMLER  
 MIKE PETERSEN  
 JANIS K. LEE  
*Conferees on part of Senate*

CARL DEAN HOLMES  
 ROBERT OLSON  
 CINDY NEIGHBOR  
*Conferees on part of House*

Senator Emler moved the Senate adopt the Conference Committee Report on **HB 2036**.

On roll call, the vote was: Yeas 38, Nays 2, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

Nays: Huelskamp, Pyle.

The Conference Committee report was adopted.

**FINAL ACTION ON BILLS AND CONCURRENT RESOLUTIONS**

**SB 189**, An act relating to hunter education; amending K.S.A. 2006 Supp. 32-920 and repealing the existing section, was considered on final action.

On roll call, the vote was: Yeas 39, Nays 1, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson.

Nays: Wysong.

The bill passed, as amended.

**SB 267**, An act relating to wildlife; defining the crime of failure to comply with a wildlife and parks citation; amending K.S.A. 2006 Supp. 32-1054 and repealing the existing section, was considered on final action.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed, as amended.

**Sub SB 309.** An act concerning health care for Kansans; prescribing powers, duties and functions for the Kansas health policy authority; providing for the study of the Kansas health care insurance connector, a voluntary health insurance connector, and other health care finance reform options; development of recommendations and implementing legislation, was considered on final action.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The substitute bill passed.

**SB 347.** An act concerning income tax; relating to withholding; annual statement, electronic filing; amending K.S.A. 2006 Supp. 79-3299 and repealing the existing section, was considered on final action.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed, as amended.

**SB 357.** An act making and concerning appropriations for the fiscal years ending June 30, 2008, and June 30, 2009, for state agencies; authorizing certain transfers, capital improvement projects and fees, imposing certain restrictions and limitations, and directing or authorizing certain receipts, disbursements and acts incidental to the foregoing; amending K.S.A. 79-4801 and K.S.A. 2006 Supp. 2-223, 55-193, 79-2959, 79-2964, 79-3425c, 79-3425i and 82a-953a and repealing the existing sections, was considered on final action.

On roll call, the vote was: Yeas 26, Nays 14, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barone, Betts, Brungardt, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Kelly, Lee, McGinn, Morris, Ostmeyer, Pine, Reitz, Schmidt D, Schmidt V, Schodorf, Taddiken, Teichman, Umbarger, Vratil, Wysong.

Nays: Barnett, Brownlee, Bruce, Donovan, Huelskamp, Jordan, Journey, Lynn, Palmer, Petersen, Pyle, Steineger, Wagle, Wilson.

The bill passed, as amended.

**SB 358.** An act making and concerning appropriations for the fiscal year ending June 30, 2007, for state agencies; authorizing certain transfers, capital improvement projects and fees, imposing certain restrictions and limitations, and directing or authorizing certain receipts, disbursements and acts incidental to the foregoing; amending K.S.A. 79-4801 and repealing the existing section, was considered on final action.

On roll call, the vote was: Yeas 32, Nays 8, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Jordan, Kelly, Lee, McGinn, Morris, Ostmeyer, Petersen, Pine, Reitz, Schmidt D, Schmidt V, Schodorf, Taddiken, Teichman, Umbarger, Vratil, Wilson, Wysong.

Nays: Brownlee, Huelskamp, Journey, Lynn, Palmer, Pyle, Steineger, Wagle.

The bill passed, as amended.

**SB 359.** An act making and concerning appropriations for the fiscal years ending June 30, 2008, June 30, 2009, and June 30, 2010, for state agencies; authorizing certain transfers, capital improvement projects and fees, imposing certain restrictions and limitations, and

directing or authorizing certain receipts, disbursements and acts incidental to the foregoing, was considered on final action.

On roll call, the vote was: Yeas 29, Nays 11, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barone, Betts, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Hensley, Jordan, Kelly, Lee, McGinn, Morris, Ostmeyer, Pine, Reitz, Schmidt D, Schmidt V, Schodorf, Taddiken, Teichman, Umbarger, Vratil, Wilson, Wysong.

Nays: Barnett, Brownlee, Haley, Huelskamp, Journey, Lynn, Palmer, Petersen, Pyle, Steineger, Wagle.

The bill passed, as amended.

**HB 2081**, An act concerning elections; pertaining to certain contributions; pertaining to certain political telephone calls; amending K.S.A. 25-4153a and 25-4156 and repealing the existing sections, was considered on final action.

On roll call, the vote was: Yeas 32, Nays 8, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Barnett, Barone, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Huelskamp, Jordan, Journey, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Teichman, Umbarger, Wagle, Wilson.

Nays: Apple, Betts, Hensley, Kelly, Lee, Taddiken, Vratil, Wysong.

The bill passed, as amended.

**HB 2274**, An act relating to credits against premium taxes for investments in qualified business facilities, was considered on final action.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed.

**HB 2419**, An act enacting the carbon dioxide reduction act; providing for income tax reductions and property tax exemptions; providing for regulation of carbon dioxide injection wells; amending K.S.A. 2006 Supp. 79-32,117, 79-32,120 and 79-32,138 and repealing the existing sections; also repealing K.S.A. 2006 Supp. 79-32,117, was considered on final action.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed.

#### INTRODUCTION OF ORIGINAL MOTIONS AND SENATE RESOLUTIONS

Senators Barnett, Allen, Apple, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, D. Schmidt, V. Schmidt, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson and Wysong introduced the following Senate resolution, which was read:

SENATE RESOLUTION No. 1847—

A RESOLUTION congratulating and commending the 2007 Kansas Master Teachers.

WHEREAS, Seven of the state's best teachers have been selected as Kansas Master Teachers for 2007. The seven were honored on March 7 at Emporia State University, the sponsor of the program, with a day of tours, seminars and receptions; and

WHEREAS, The 2007 Kansas Master Teachers are Rob Davis, an enrichment specialist at Liberty View Elementary School in Olathe; Robin Dixon, a sixth grade teacher at Jay

Shideler Elementary School in Topeka; Shelley R. Faerber, a seventh grade language arts teacher at Susan B. Anthony Middle School in Manhattan; Diane Ladenburger, a kindergarten teacher at Mattie O. Haskins Elementary School in Pratt; Marilyn McComber, a science teacher at Emporia High School in Emporia; Angela K. Miller, a math teacher at Junction City Middle School in Junction City; and Elouise Miller, a kindergarten teacher at Lincoln Elementary School in Hays; and

WHEREAS, Emporia State University established the Kansas Master Teacher Awards in 1954. The awards are presented annually to teachers described as having "served the profession long and well and who also typify the good qualities of earnest and conscientious teachers"; and

WHEREAS, Local teacher associations, educational organizations and school faculties nominate candidates for the awards. A committee representing educational organizations from across Kansas selected the 2007 winners: Now, therefore,

*Be it resolved by the Senate of the State of Kansas:* That we congratulate and commend the seven 2007 Kansas Master Teachers for demonstrated excellence in their profession and devotion to the children of Kansas; and

*Be it further resolved:* That the Secretary of the Senate provide an enrolled copy of this resolution to Rob Davis, 14800 Greenwood, Olathe, Kansas, 66062; Robin Dixon, 4948 SW Wanamaker, Topeka, Kansas, 66610; Shelley Faerber, 2501 Browning Avenue, Manhattan, Kansas, 66502; Diane Ladenburger, 900 School, Pratt, Kansas, 67124-1466; Marilyn McComber, 3302 W. 18th, Emporia, Kansas, 66801; Angela K. Miller, 300 W. 9th, Junction City, Kansas, 66441; and Elouise Miller, 1906 Ash, Hays, Kansas, 67601.

On emergency motion of Senator Barnett **SR 1847** was adopted unanimously.

Three of the 2007 Master Teachers were guests of the Senate and were congratulated and commended for demonstrating excellence in their profession and devotion to the children of Kansas. Introduced and honored with a standing ovation were Robin Dixon, Topeka; Diane Ladenburger, Pratt and Marilyn McComber, Emporia.

#### REPORTS OF STANDING COMMITTEES

Committee on **Judiciary** recommends **SB 32** be amended on page 5, in line 17, by striking "exclusively" and inserting "more than nominally"; in line 19, by striking all after "specific"; in line 20, by striking all before "language"; in line 21, by striking all after "assistance"; in line 22, by striking all before the period;

On page 6, after line 8, by inserting the following:

"(5) Any trust created before July 1, 2004, can be amended if such amendment is permitted by the Kansas uniform trust code."; and the bill be passed as amended.

Committee on **Ways and Means** recommends **SB 346** be amended on page 2, in line 6, by striking "be" and inserting "strive to provide"; in line 17, after "administration" by inserting ", the Kansas insurance department"; in line 21, by striking "an annual" and inserting "a"; in line 23, by striking "and the"; in line 24, by striking "legislature" and inserting ", the chairperson of the senate committee on ways and means and the chairperson of the house of representatives committee on appropriations"; and the bill be passed as amended.

#### REPORT ON ENROLLED BILLS

**SR 1841, SR 1842, SR 1843, SR 1844, SR 1845, SR 1846, SR 1847** reported correctly enrolled, properly signed and presented to the Secretary of the Senate on March 21, 2007.

#### COMMITTEE OF THE WHOLE

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

On motion of Senator Emler the following report was adopted:

Recommended **SB 144, SB 291, SB 298** be passed.

The committee report on **SB 375** recommending a **Sub SB 375** be adopted, and the substitute bill be passed.

The committee report on **HB 2031** recommending a **S Sub for HB 2031** be adopted, and the substitute bill be passed.

The following amendments offered to **S Sub for HB 2031** were rejected:

Senator Donovan moved to amend **S Sub for HB 2031** on page 6, in line 33, by striking “all taxable years” and inserting “the tax year”; in line 38, after “jointly” by inserting “; for the tax year beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$75,000 or less, whether such taxpayer’s filing status is single, head of household, married filing separate or married filing jointly; for the tax year beginning after December 31, 2008, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$100,000 or less, whether such taxpayer’s filing status is single, head of household, married filing separate or married filing jointly; and for all taxable years beginning after December 31, 2009, amounts received as benefits under the federal social security act which are included in federal adjusted gross income

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 18, Nays 21, Present and Passing 1, Absent or Not Voting 0.

Yeas: Barnett, Brownlee, Bruce, Donovan, Huelskamp, Jordan, Journey, Lynn, McGinn, Ostmeier, Palmer, Petersen, Pine, Pyle, Steineger, Taddiken, Wagle, Wilson.

Nays: Allen, Apple, Barone, Betts, Brungardt, Francisco, Gilstrap, Goodwin, Haley, Hensley, Kelly, Lee, Morris, Reitz, Schmidt D, Schmidt V, Schodorf, Teichman, Umbarger, Vratil, Wysong.

Present and Passing: Emler.

The motion failed and the amendment was rejected.

#### EXPLANATION OF VOTE

MR. CHAIRMAN: I vote no on the amendment and the process advances. This is but one of many votes to be taken and recorded on tax issues today and this year. We are a long way from the final vote and I am anxiously awaiting the revised revenue estimate which we will receive in a few weeks. We must maintain our fiscal and fiduciary responsibility to the citizens of Kansas. We must also be mindful of the Conference Committee process.—JIM BARONE

MR. CHAIRMAN: I vote aye on this amendment as it will phase out income tax on Social Security benefits in four years. Those of us who are elected participate in the KPERS retirement system. Our benefits are not taxed. The Donovan amendment corrects this tremendous inequity for senior citizens in Kansas and should be passed.—SUSAN WAGLE

Senators Brownlee, Journey, Lynn and Palmer request the record to show they concur with the “Explanation of Vote” offered by Senator Wagle on **S Sub HB 2031**.

Senator Donovan further moved to amend **S Sub for HB 2031** on page 7, in line 10, after “revenue” by inserting “for the tax year commencing after December 31, 2005,”; in line 11, after “.125%” by inserting “, for the tax year commencing after December 31, 2006, at the rate of .09375%, for the tax year commencing after December 31, 2007, at the rate of .0625%, and for the tax year commencing after December 31, 2008, at the rate of .03125%,”; in line 20, after “revenue” by inserting “for the tax year commencing after December 31, 2005,”; in line 21, after “.125%” by inserting “, for the tax year commencing after December 31, 2006, at the rate of .09375%, for the tax year commencing after December 31, 2007, at the rate of .0625%, and for the tax year commencing after December 31, 2008, at the rate of .03125%,”; in line 27, after “revenue” by inserting “for the tax year commencing after December 31, 2005,”; also in line 27, after “.125%” by inserting “, for the tax year commencing after December 31, 2006, at the rate of .09375%, for the tax year commencing after December 31, 2007, at the rate of .0625%, and for the tax year commencing after December 31, 2008, at the rate of .03125%,”; in line 35, after “revenue” by inserting “for the tax year commencing after December 31, 2005,”; in line 36, after “.125%” by inserting “, for the tax year commencing after December 31, 2006, at the rate of .09375%, for the tax year commencing after December 31, 2007, at the rate of .0625%,”



and for the tax year commencing after December 31, 2008, at the rate of .03125%,"; in line 42, after "revenue" by inserting "for the tax year commencing after December 31, 2005,"; in line 43, after ".125%" by inserting ", for the tax year commencing after December 31, 2006, at the rate of .09375%, for the tax year commencing after December 31, 2007, at the rate of .0625%, and for the tax year commencing after December 31, 2008, at the rate of .03125%,";

On page 11, in line 11, by striking "2006" and inserting "2003, but shall not apply to any tax year commencing after December 31, 2009"

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 17, Nays 22, Present and Passing 1, Absent or Not Voting 0.

Yeas: Barnett, Brownlee, Bruce, Donovan, Huelskamp, Jordan, Journey, Lynn, Ostmeyer, Palmer, Petersen, Pine, Pyle, Taddiken, Wagle, Wilson, Wysong.

Nays: Allen, Apple, Barone, Betts, Brungardt, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Kelly, Lee, McGinn, Morris, Reitz, Schmidt D, Schmidt V, Schodorf, Teichman, Umbarger, Vratil.

Present and Passing: Steineger.

The motion failed and the amendment was rejected.

Senator Jordan moved to amend **S Sub for HB 2031** on page 7, in line 10, after "revenue" by inserting "for the tax year commencing after December 31, 2005,"; in line 11, after ".125%" by inserting ", for the tax year commencing after December 31, 2006, at the rate of .1%, for the tax year commencing after December 31, 2007, at the rate of .075%, for the tax year commencing after December 31, 2008, at the rate of .05%, and for the tax year commencing after December 31, 2009, at the rate of .025%,"; in line 20, after "revenue" by inserting "for the tax year commencing after December 31, 2005,"; in line 21, after ".125%" by inserting ", for the tax year commencing after December 31, 2006, at the rate of .1%, for the tax year commencing after December 31, 2007, at the rate of .075%, for the tax year commencing after December 31, 2008, at the rate of .05%, and for the tax year commencing after December 31, 2009, at the rate of .025%,"; in line 27, after "revenue" by inserting "for the tax year commencing after December 31, 2005,"; also in line 27, after ".125%" by inserting ", for the tax year commencing after December 31, 2006, at the rate of .1%, for the tax year commencing after December 31, 2007, at the rate of .075%, for the tax year commencing after December 31, 2008, at the rate of .05%, and for the tax year commencing after December 31, 2009, at the rate of .025%,"; in line 35, after "revenue" by inserting "for the tax year commencing after December 31, 2005,"; in line 36, after ".125%" by inserting ", for the tax year commencing after December 31, 2006, at the rate of .1%, for the tax year commencing after December 31, 2007, at the rate of .075%, for the tax year commencing after December 31, 2008, at the rate of .05%, and for the tax year commencing after December 31, 2009, at the rate of .025%,"; in line 42, after "revenue" by inserting "for the tax year commencing after December 31, 2005,"; in line 43, after ".125%" by inserting ", for the tax year commencing after December 31, 2006, at the rate of .1%, for the tax year commencing after December 31, 2007, at the rate of .075%, for the tax year commencing after December 31, 2008, at the rate of .05%, and for the tax year commencing after December 31, 2009, at the rate of .025%,";

On page 11, in line 11, by striking "2006" and inserting "2003, but shall not apply to any tax year commencing after December 31, 2010"

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 18, Nays 20, Present and Passing 2, Absent or Not Voting 0.

Yeas: Apple, Barnett, Brownlee, Bruce, Donovan, Huelskamp, Jordan, Journey, Lynn, Ostmeyer, Palmer, Petersen, Pine, Pyle, Taddiken, Wagle, Wilson, Wysong.

Nays: Allen, Barone, Betts, Brungardt, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Kelly, Lee, Morris, Reitz, Schmidt D, Schmidt V, Schodorf, Teichman, Umbarger, Vratil.

Present and Passing: McGinn, Steineger.

The motion failed and the amendment was rejected.

The committee report on **Sub HB 2171** recommending a **S Sub for Sub HB 2171** be adopted, and the substitute bill be passed.

## EXPLANATION OF VOTE

MR. CHAIRMAN: I vote yes on **S Sub for Sub HB 2171** because Kansas must continue to be a member of the Streamlined Sales Tax Project so that our in state retailers will be on a level playing field with out of state retailers. Kansas received \$38 million from out of state retailers in FY 2007 as a result of the SSTP. We cannot afford to lose those revenues.—  
JANIS K. LEE

Senators Goodwin and Haley request the record to show they concur with the “Explanation of Vote” offered by Senator Lee on **S Sub for Sub HB 2171**.

The committee report on **HB 2405** recommending a **S Sub for HB 2405** be adopted, and the substitute bill be passed.

**SB 180; HB 2044, HB 2240** be amended by adoption of the committee amendments, and the bills be passed as amended.

**SB 314** be amended by adoption of the committee amendments, be further amended by motion of Senator Barnett as amended by Senate Committee, on page 6, after line 41, by inserting the following:

“Sec. 5. K.S.A. 2006 Supp. 74-50,131 is hereby amended to read as follows: 74-50,131. Commencing after December 31, ~~1999~~ 2006: (a) As used in this act: “Qualified firm” means a for-profit business establishment, subject to state income, sales or property taxes, identified under the standard industrial classification (SIC) codes as in effect July 1, 1993, major groups 20 through 39, major groups 40 through 51, and major groups 60 through 89 *and for the purposes of subsection (e) of K.S.A. 79-32,160a, and amendments thereto, “qualified firm” means a for-profit business establishment, subject to state income, sales or property taxes, identified under the standard industrial classification (SIC) codes as in effect on July 1, 1993, major groups 1 through 17, major groups 20 through 39, major groups 40 through 51, major groups 52 through 59 and major groups 60 through 89*; identified under the North American industry classification system (NAICS) as in effect on October 1, 2000, or is identified as a corporate or regional headquarters or back-office operation of a national or multi-national corporation regardless of SIC code or NAICS designation. The secretary of commerce shall determine eligibility when a difference exists between a firm’s SIC code and NAICS designation. A business establishment may be assigned a standard industrial classification code or NAICS designation according to the primary business activity at a single physical location in the state.

(b) In the case of firms in major groups 40 through 51, and major groups 60 through 89 or the appropriate NAICS designation the business establishment must also demonstrate the following:

(1) More than ½ of its gross revenues are a result of sales to commercial or governmental customers outside the state of Kansas; or

(2) more than ½ of its gross revenues are a result of sales to Kansas manufacturing firms within major groups 20 through 39 or the appropriate NAICS designation; or

(3) more than ½ of its gross revenues are a result of a combination of sales described in (1) and (2).

(c) For purposes of determining whether one of the average wage options described in subsection (d) below is satisfied, business establishments located within a metropolitan county, as defined in K.S.A. 74-50,114, and amendments thereto, will be compared only to other businesses within that metropolitan county, and business establishments located outside of a metropolitan county will be compared to businesses within an aggregation of counties representing the business establishment’s region of the state, which regional aggregation will exclude metropolitan counties. Such aggregation shall be determined by the department of commerce.

(d) Additionally, a business establishment having met the criteria as established in subsection (a) or (b), and using the comparison method described in subsection (c), must meet one of the following criteria:

(1) The establishment with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time

equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.

(2) The establishment with 500 or fewer full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which has 500 or fewer full-time equivalent employees.

(3) The establishment with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by firms with more than 500 full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.

(4) The establishment with more than 500 full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which has 500 or more full-time equivalent employees, in which event it shall either provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation, or be the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation.

(e) As an alternative to the requirements of subsections (c) and (d), a firm having met the requirements of subsections (a) or (b), may qualify, if excluding taxable disbursements to company owners, the business establishment's annual average wage must be greater than or equal to 1.5 times the aggregate average wage paid by industries covered by the employment security law based on data maintained by the secretary of labor.

(f) For the purposes of this section, the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the number of full-time employees.

(g) The secretary of commerce shall certify annually to the secretary of revenue that a firm meets the criteria for a qualified firm and that the firm is eligible for the benefits and assistance provided under this act. *For the purposes of subsection (e) of K.S.A. 79-32,160a, and amendments thereto, the secretary of commerce shall certify annually to the secretary of revenue that a firm meets the criteria for a qualified firm pursuant to subsection (a), and that the firm is eligible for the credit provided in subsection (e) of K.S.A. 79-32,160a, and amendments thereto.* The secretary of commerce is hereby authorized to obtain any and all information necessary to determine such eligibility. Information obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et seq., and amendments thereto, but shall upon request be made available to the legislative post audit division. The secretary of commerce shall publish rules and regulations for the implementation of this act. Such rules and regulations shall include, but not be limited to:

(1) A definition of "training and education" for purposes of K.S.A. 74-50,132 and amendments thereto.

(2) Establishment of eligibility requirements and application procedures for expenditures from the high performance incentive fund created in K.S.A. 74-50,133 and amendments thereto.

(3) Establishment of approval guidelines for private consultants authorized pursuant to K.S.A. 74-50,133 and amendments thereto.

(4) Establishment of guidelines for prioritizing business assistance programs pursuant to K.S.A. 74-50,133 and amendments thereto.

(5) A definition of "commercial customer" for the purpose of K.S.A. 74-50,133 and amendments thereto.

(6) A definition of "headquarters" for the purpose of K.S.A. 74-50,133 and amendments thereto.

(7) Establishment of guidelines concerning the use and disclosure of any information obtained to determine the eligibility of a firm for the assistance and benefits provided for by this act.

Sec. 6. K.S.A. 2006 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, *commencing after December 31, 2006*, any taxpayer qualified and certified as provided under the provisions of subsection (g) 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~~ such taxpayer's 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 ~~or without regard to the provisions of subsections (b), (c), (d) or (e) of K.S.A. 74-50,131, and amendments thereto.~~ 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 K.S.A. 2006 Supp. 79-32,243, 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 K.S.A. 2006 Supp. 79-32,243, and amendments thereto.

(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.”;

And by renumbering the remaining sections accordingly;

Also on page 6, in line 42, after "Supp." by inserting "74-50,131,"; also in line 42, by striking "and" and inserting a comma; in line 43, before "are" by inserting "and 79-32,160a";

On page 1, in the title, in line 10, after "concerning" by inserting "taxation; relating to"; also in line 10, after the semicolon by inserting "qualified business facility credits;"; in line 11, after "Supp." by inserting "74-50,131,"; also in line 11, by striking "and" the first time it appears and inserting a comma; also in line 11, after "74-8135" by inserting "and 79-32,160a"

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 33, Nays 5, Present and Passing 2, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Donovan, Emler, Gilstrap, Haley, Huelskamp, Jordan, Journey, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

Nays: Brungardt, Hensley, Kelly, Lee, Reitz.

Present and Passing: Francisco, Goodwin.

The motion carried and the amendment was adopted.

Senator Hensley further amended **SB 314** as amended by Senate Committee, on page 6, after line 41, by inserting the following:

"Sec. 5. K.S.A. 2006 Supp. 79-32,205 is hereby amended to read as follows: 79-32,205.

(a) 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 ~~15%~~ 20% for tax year ~~2002~~ 2007, and all tax years thereafter, of the amount of the earned income credit allowed against such taxpayer's federal income tax liability pursuant to section 32 of the federal internal revenue code for the taxable year in which such credit was claimed against the taxpayer's federal income tax liability.

(b) If the amount of the credit allowed by subsection (a) exceeds the taxpayer's income tax liability imposed under the Kansas income tax act, such excess amount shall be refunded to the taxpayer.";

And by renumbering the remaining sections accordingly;

Also on page 6, in line 42, by striking "and" and inserting a comma; also in line 42, after "74-8135" by inserting "and 79-32,205";

On page 1, in the title, in line 10, after "concerning" by inserting "taxation; relating to"; also in line 10, after the semicolon by inserting "earned income credit;"; in line 11, by striking "and" the first time it appears and inserting a comma; also in line 11, after "74-8135" by inserting "and 79-32,205"

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 26, Nays 13, Present and Passing 1, Absent or Not Voting 0.

Yeas: Allen, Barnett, Barone, Betts, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Journey, Kelly, Lee, Lynn, McGinn, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Steineger, Teichman, Umbarger, Vratil, Wilson.

Nays: Apple, Brownlee, Bruce, Brungardt, Donovan, Jordan, Morris, Schmidt D, Schmidt V, Schodorf, Taddiken, Wagle, Wysong.

Present and Passing: Emler.

The motion carried and the amendment was adopted.

Senator Pyle further amended **SB 314** as amended by Senate Committee, on page 6, after line 41, by inserting the following:

"Sec. 5. K.S.A. 2006 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. 2006 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. 2006 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. 2006 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. 2006 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.

(xiii) The amount of any expenditures 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. 2006 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

(xiv) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2006 Supp. 79-32,221, and amendments thereto.

(xv) The amount of any expenditures 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. 2006 Supp. 79-32,223 through 79-32,226, and amendments thereto.

(xvi) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2006 Supp. 79-32,227, and amendments thereto.

(xvii) The amount of any expenditures 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. 2006 Supp. 79-32,228 through 79-32,231, and amendments thereto.

(xviii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2006 Supp. 79-32,232, and amendments thereto.

(xix) The amount of any expenditures 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. 2006 Supp. 79-32,233 through 79-32,236, and amendments thereto.

(xx) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2006 Supp. 79-32,237, and amendments thereto.

(xxi) The amount of any expenditures 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. 2006 Supp. 79-32,238 through 79-32,241, and amendments thereto.

(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. 280 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. 2006 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, amounts not exceeding ~~\$2,000, or \$4,000 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 *or 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. 2006 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.

(xix) *For all taxable years beginning after December 31, 2006, amounts received as income by the spouse of an individual serving in the armed forces of the United States in an area designated by the president of the United States by executive order as a combat zone as defined under 26 U.S.C. 112 at any time during the period designated by the president by executive order as the period of combatant activities in such zone for the purposes of such section, during the period of time the individual is serving in such combat, to the extent that such income of the spouse is included in federal adjusted gross income.*

(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.”;

And by renumbering the remaining sections accordingly;

Also on page 6, in line 42, by striking “and” and inserting a comma; also in line 42, after “74-8135” by inserting “,79-32,117 and 79-32,117”;

On page 1, in the title, in line 10, after “concerning” by inserting “taxation; relating to”; also in line 10, after the semicolon by inserting “income tax credits;”; in line 11, by striking “and” the first time it appears and inserting a comma; also in line 11, after “74-8135” by inserting “and 79-32,117”; in line 12, after “sections” by inserting “;”; also repealing K.S.A. 2006 Supp. 79-32,117”

A motion by Senator Lynn to amend **SB 314** failed and the following amendment was rejected: As amended by an amendment offered by Senator Pyle on March 21, 2007, by inserting the following new paragraph to subsection (c) of K.S.A. 2006 Supp. 79-32,117 to read as follows:

(xx) For all taxable years beginning after December 31, 2006, amounts received by a taxpayer as income for employment pursuant to the taxpayer's employer contract with the United States government or the armed forces of the United States to provide support services for the armed services when such taxpayer is providing such services in an area designated by the president of the United States by executive order as a combat zone as defined under 26 U.S.C. 112 at any time during the period designated by the president by executive order as the period of combatant activities in such zone for the purposes of such section, during the period of time the taxpayer is providing such services in such combat zone, to the extent that such income of the taxpayer is included in federal adjusted gross income.“

The Committee recommended **SB 314** be re-referred to the Committee on Assessment & Taxation.

**SB 327** be amended by adoption of the committee amendments, be further amended by motion of Senator Taddiken as amended by Senate Committee, on page 1, in line 20, by striking “the same as pro-”; in line 21, by striking all before the semicolon and inserting “a renewable, biodegradable, mono alkyl ester combustible liquid fuel derived from vegetable oils or animal fats and that meets American society for testing and materials specification D6751-02 for biodiesel fuel (B100) blend stock for distillate fuels or a later version of such specification as adopted by rules and regulations of the secretary of agriculture pursuant to K.S.A. 55-442, and amendments thereto” and **SB 327** be passed as further amended.

**SB 342** be amended by adoption of the committee amendments, be further amended by motion of Senator Brownlee as amended by Senate Committee, on page 8, in line 19, after the first comma by inserting "236-238," and **SB 342** be passed as further amended.

**SB 382** be amended by adoption of the committee amendments, be further amended by motion of Senator Wagle as amended by Senate Committee, on page 31, in line 36, by striking "and" the second time it appears; in line 42, after "scholarships" by inserting "; and (aaaa) all sales of personal property and services purchased by or on behalf of victory in the valley, 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 a cancer support group and services for persons with cancer, and all sales of any such property by or on behalf of any such organization for any such purpose"

Senator Brownlee further amended **SB 382** as amended by Senate Committee, on page 17, in line 8, by striking "and"; in line 10, after the semicolon by inserting "and"; after line 10, by inserting the following:

"(23) the angel babies association, for the purpose of providing assistance, support and items of necessity to teenage mothers and their babies;" and **SB 382** be passed as further amended.

**HB 2038** be amended by adoption of the committee amendments, be further amended by motion fo Senator Apple as amended by Senate Committee, on page 1, in line 29, by striking all after "property"; in line 30, by striking all before the period; in line 38, by striking "or any expanded nuclear generation facility property";

On page 2, by striking all in lines 6 through 14;

And by redesignating paragraphs accordingly and **HB 2038** be passed as further amended.

**Sub SB 215** be amended by adoption of the committee report recommending a substitute bill , be amended by motion of Senator Donovan on page 5, in line 4, by striking "\$200,000" and inserting "\$300,000" and **Sub SB 215** be passed as amended.

Senator Betts moved to amend the bill on page 4, in lines 7 and 9, by striking "\$700" and inserting "\$850"

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 17, Nays 22, Present and Passing 1, Absent or Not Voting 0.

Yeas: Barone, Betts, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Journey, Kelly, Lee, Lynn, Ostmeyer, Petersen, Pyle, Reitz, Steineger.

Nays: Allen, Apple, Barnett, Brownlee, Bruce, Brungardt, Donovan, Jordan, McGinn, Morris, Palmer, Pine, Schmidt D, Schmidt V, Schodorf, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

Present and Passing: Emler.

The motion failed and the amendment was rejected.

#### FINAL ACTION OF BILLS AND CONCURRENT RESOLUTIONS

On motion of Senator D. Schmidt an emergency was declared by a 2/3 constitutional majority, and **SB 144, SB 180; Sub SB 215; SB 291, SB 298, SB 327, SB 342; Sub SB 375; SB 382; S Sub for HB 2031; HB 2044; S Sub for Sub HB 2171; HB 2240; S Sub for HB 2405** were advanced to Final Action and roll call.

**SB 144**, An act concerning school districts; relating to school finance; relating to a tax to provide revenue therefor; relating to exemption from such tax; amending K.S.A. 2006 Supp. 72-6431 and 79-201x and repealing the existing sections.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed.

**SB 180**, An act concerning retirement and pensions; relating to taxation of certain benefits; exemptions; amending K.S.A. 74-4923 and repealing the existing section.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed, as amended.

**Sub SB 215**, An act concerning taxation; relating to homestead property tax refund act; amounts; filing requirements; income certification, renters; entitlement, limitations; amending K.S.A. 79-4509 and 79-4511 and K.S.A. 2006 Supp. 79-4502 and repealing the existing sections.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The substitute bill passed, as amended.

**SB 291**, An act concerning taxation; imposing an excise tax on certain commercial establishments, businesses and individuals which provide sexually explicit products and services; prescribing certain powers and duties for the director of taxation.

On roll call, the vote was: Yeas 36, Nays 4, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Jordan, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Reitz, Schmidt D, Schmidt V, Schodorf, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

Nays: Huelskamp, Journey, Pyle, Steineger.

The bill passed.

**SB 298**, An act concerning property taxation; relating to exemptions; certain storage structures for cellulose matter; amending K.S.A. 2006 Supp. 79-201d and repealing the existing section.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed.

**SB 327**, An act relating to renewable fuel and energy; providing for certain income tax credits relating to renewable fuels.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed, as amended.

**SB 342**, An act concerning taxation; relating to credits; enacting the Kansas investment credit act and the Kansas jobs credit act; relating to qualifications and procedures; eliminating certain existing credits related thereto; amending K.S.A. 40-253a and 74-8945 and K.S.A. 2006 Supp. 74- 50,131, 74-50,132, 79-32,111, 79-32,243 and 79-3606 and repealing the existing sections; also repealing K.S.A. 74-50,113, 74-50,116, 74-50,117, 74-50,118, 74-50,119, 74-50,135, 74-50,135a, 79-32,155, 79-32,156, 79-32,157, 79-32,158, 79-32,159, 79-32,159a, 79-32,159b, 79-32,159c, 79-32,160, 79-32,160b and 79-32,160c and K.S.A. 2006 Supp. 74-50,114, 74-50,115, 74-50,134, 79-3269, 79-32,153, 79-32,154 and 79-32,160a.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed, as amended.

**Sub SB 375**, An act concerning taxation; relating to the creation of the Johnson county education research triangle authority, taxing authority, powers and duties; sales tax authority in Johnson county for public safety projects; sales tax authority for Franklin, Linn and Miami counties; sales tax exemptions, precision farming equipment; amending K.S.A. 2006 Supp. 12-187, 12-189, 12-192, 19-101a and 79-3606 and repealing the existing sections; also repealing K.S.A. 2006 Supp. 12-187b, 12-189f, 19-101a, as amended by section 4 of chapter 192 of the 2006 Session Laws of Kansas, and 19-1011.

On roll call, the vote was: Yeas 36, Nays 4, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Jordan, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wysong.

Nays: Huelskamp, Journey, Pyle, Wilson.

The substitute bill passed.

**SB 382**, An act concerning sales taxation; relating to exemptions; amending K.S.A. 2006 Supp. 79-3606 and repealing the existing section.

On roll call, the vote was: Yeas 39, Nays 0, Present and Passing 1, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

Present and Passing: Kelly.

The bill passed, as amended.

**S Sub for HB 2031**, An act concerning taxation; relating to treatment of social security benefits for income tax purposes; application of franchise tax to certain entities; amending K.S.A. 2006 Supp. 79-32,117 and 79-5401 and repealing the existing sections; also repealing K.S.A. 2006 Supp. 79-32,1171.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The substitute bill passed.

**HB 2044**, An act concerning property taxation; relating to exemptions; certain tax reduction assistance funds, distributions; relating to growth in assessed valuation; authorizing certain interlocal cooperation agreements, provisions; amending K.S.A. 2006 Supp. 79-2978 and 79-2979 and repealing the existing sections.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed, as amended.

**S Sub for HB 2171**, An act concerning sales taxation; relating to refund claims, requirements, procedures and penalties; definitions; exemptions and exemption certificates; errors in collection, relief of liability; jurisdiction and rate database; amending K.S.A. 2006

Supp. 79-3602, 79-3603, 79-3606, 79-3609, 79-3615, 79-3650, 79-3651, 79-3667, 79-3668, 79-3669, 79-3673 and 79-3702 and repealing the existing sections; also repealing K.S.A. 2006 Supp. 79-3671 and 79-3691.

On roll call, the vote was: Yeas 27, Nays 11, Present and Passing 2, Absent or Not Voting 0.

Yeas: Allen, Barone, Betts, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Kelly, Lee, McGinn, Morris, Ostmeyer, Pine, Reitz, Schmidt V, Schodorf, Steineger, Teichman, Umbarger, Vratil, Wilson, Wysong.

Nays: Apple, Barnett, Brownlee, Huelskamp, Jordan, Journey, Lynn, Palmer, Petersen, Pyle, Wagle.

Present and Passing: Schmidt D, Taddiken.

The substitute bill passed.

**HB 2240**, An act concerning retailers' sales tax; relating to the exemptions; amending K.S.A. 2006 Supp. 79-3603 and repealing the existing section.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The bill passed, as amended.

**S Sub for HB 2405**, An act concerning historic preservation; providing for income tax credits; authority for development of historic partnership sites; amending K.S.A. 2006 Supp. 79-32.211 and repealing the existing section.

On roll call, the vote was: Yeas 40, Nays 0, Present and Passing 0, Absent or Not Voting 0.

Yeas: Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap, Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, Lee, Lynn, McGinn, Morris, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt D, Schmidt V, Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson, Wysong.

The substitute bill passed.

On motion of Senator D. Schmidt the Senate adjourned until 2:30 p.m., Thursday, March 22, 2007.

HELEN MORELAND, CAROL PARRETT, BRENDA KLING, *Journal Clerks.*

PAT SAVILLE, *Secretary of the Senate.*

