

Journal of the Senate

THIRTY-FOURTH DAY

SENATE CHAMBER, TOPEKA, KANSAS
Thursday, March 3, 2022, 2:30 p.m.

The Senate was called to order by President Ty Masterson.
The roll was called with 39 senators present.
Senator Corson was excused.
Invocation by Reverend Cecil T. Washington:

The Fruit of Your Mouth; Good Or Bad?
Matthew 12:33-37

Lord, we come again today, charged with the responsibility to make decisions that will impact the lives and liberties of the people we serve; Your people. Don't let us forget that they are Your people and although we are accountable to them, we are even more so accountable to You.

Your Word makes it clear in Matthew 12:33-37, that we must answer to You for everything that we convey. As a tree is judged to be good or bad by the fruit it bears, You are analyzing all that we communicate by our decisions.

Lord, let the choices, conclusions and outcomes that are spoken into existence prove to produce fruit that is marked by excellence; fruit that will not only prove to benefit Your people but will also garner eternal rewards for us.

All in the precious Name of Jesus, Amen.

The Pledge of Allegiance was led by President Masterson.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were introduced and read by title:

SB 544, AN ACT concerning the legislature; relating to bills; requiring legislators who request certain curriculum or school finance bills to volunteer at a public school or consult with a team of teaching professionals; prohibiting certain legislators from requesting bills that divert state moneys from public schools to private schools, by Committee on Federal and State Affairs.

SB 545, AN ACT concerning education; relating to certain nonpublic schools; requiring participation in certain assessments; requiring website publication of performance accountability and longitudinal achievement reports; amending K.S.A. 2021 Supp. 72-5178 and repealing the existing section, by Committee on Federal and State Affairs.

REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were referred to Committees as indicated:

Assessment and Taxation: **SB 542, SB 543.**

INTRODUCTION OF ORIGINAL MOTIONS AND SENATE RESOLUTIONS

Senator Alley introduced the following Senate resolution, which was read:

SENATE RESOLUTION No. 1731—

A RESOLUTION recognizing March 3, 2022, as National Vending Day in Kansas for the many contributions of the vending and convenience services industry.

WHEREAS, The vending and convenience services industry employs over 150,000 Americans, generates an economic output of over \$227 million and employs over 1,423 Kansas residents; and

WHEREAS, The vending and convenience services industry has expanded in recent decades to include a wide array of convenience services and refreshments and recently launched a national public health commitment; and

WHEREAS, The vending and convenience services industry uses cutting-edge technology to deliver innovate options to consumers; and

WHEREAS, During the COVID-19 pandemic, the vending and convenience services industry served as an essential industry by providing food and beverages to fuel first responders and other critical industries; and

WHEREAS, Kansas is proud of the dozens of small business owners in the state who own vending and convenience service companies; and

WHEREAS, The National Automatic Merchandising Association has designated March 3, 2022, as National Vending Day: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we recognize National Vending Day in Kansas for the many contributions of the vending and convenience services industry; and

Be it further resolved: That the Secretary of the Senate shall send an enrolled copy of this resolution to Tom Burgess and three enrolled copies to Senator Alley.

On emergency motion of Senator Alley **SR 1731** was adopted unanimously.

The Senate recessed to the sound of the gavel

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

COMMITTEE OF THE WHOLE

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

On motion of Senator Longbine the following report was adopted:

SB 378 be amended by motion of Senator McGinn; on page 1, in line 7, before "Any" by inserting "(a) This act shall apply to all cities and counties, except that the provisions of this act pertaining to the fireworks season for seasonal retailers as provided by K.S.A. 31-502(j), and amendments thereto, shall only apply to a city or county if the governing body of the city or the board of county commissioners of the

county affirmatively elects to make the city or county subject to such provision. The provisions of this act permitting the sale of fireworks by and the licensing and regulation of annual retailers as provided by K.S.A. 31-502 and 31-503, and amendments thereto, shall only apply to a city or county if the governing body of the city or the board of county commissioners of the county affirmatively elects to permit the sale of fireworks by annual retailers.

(b)"

and the bill be passed as amended.

SB 282 be amended by Senator Olson; on page 4, following line 3, by inserting:

"Sec. 7. The provisions of sections 7 through 12, and amendments thereto, shall be known and may be cited as the Kansas affordable housing tax credit act.

Sec. 8. As used in sections 7 through 12, and amendments thereto:

(a) "Act" means the provisions of sections 7 through 12, and amendments thereto;

(b) "allocation certificate" means a statement issued by the KHRC certifying that a given development is eligible for the credit and specifying the amount of the credit allowed;

(c) "credit" means the Kansas affordable housing tax credit allowed pursuant to this act;

(d) "credit period" means the credit period as defined in section 42(f)(1) of the federal internal revenue code;

(e) "director" means the director of taxation pursuant to K.S.A. 75-5102, and amendments thereto;

(f) "federal tax credit" means the federal low-income housing tax credit provided by section 42 of the federal internal revenue code;

(g) "KHRC" means the Kansas housing resources corporation, a not-for-profit subsidiary of the Kansas development finance authority incorporated pursuant to K.S.A. 74-8904(v), and amendments thereto;

(h) "pass-through entity" means any: (1) Limited liability company; (2) limited partnership; or (3) limited liability partnership;

(i) "pass-through certification" means a certification provided to the director by any pass-through entity allocating a credit to its partners or members, certifying the amount of credit to be allocated to each partner or member of such pass-through entity;

(j) "qualified allocation plan" means the qualified allocation plan adopted by the KHRC pursuant to section 42(m) of the federal internal revenue code;

(k) "qualified development" means a "qualified low-income housing project," as that term is defined in section 42 of the federal internal revenue code that is located in Kansas and is determined by the KHRC to be eligible for a federal tax credit whether or not a federal tax credit is allocated with respect to such qualified development; and

(l) "qualified taxpayer" means an individual, a person, firm, corporation, or other entity that owns an interest, direct or indirect, in a qualified development and is subject to the taxes imposed by the Kansas income tax act, the privilege taxes imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premium taxes imposed pursuant to K.S.A. 40-252, and amendments thereto.

Sec. 9. (a) For all taxable years commencing after December 31, 2022, there shall be allowed a credit against the income tax liability imposed pursuant to the Kansas income tax act, the privilege tax liability imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article

11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premium tax liability imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, for each qualified development for each year of the credit period, in an amount equal to the federal tax credit allocated or allowed by the KHRC to such qualified development, except that there shall be no reduction in the credit allowable in the first year of the credit period due to the calculation in section 42(f)(2) of the federal internal revenue code.

(b) The KHRC shall issue an allocation certificate to an owner of a qualified development to which a credit has been allocated. The KHRC shall issue an allocation certificate to the qualified development simultaneously with issuance of federal form 8609 with respect to the federal tax credits.

(c) All allocations shall be made pursuant to the qualified allocation plan.

(d) If an owner of a qualified development receiving an allocation of a credit is a pass-through entity, the owner may allocate the credit among its partners or members in any manner agreed to by such persons and, in the case of multiple tiers of pass-through entities, the credit may be so allocated through any number of pass-through entities in any manner agreed by the owners of such pass-through entities, none of which shall be considered a transfer. Any pass-through entity allocating a credit to its partners or members shall attach a pass-through certification to its tax return annually. Each partner or member shall be allowed to claim or further allocate such amount subject to any restrictions set forth in this act.

(e) An owner of a qualified development to which a credit has been allocated and each qualified taxpayer to which such owner has allocated a portion of such credit, if any, shall file with their state income, privilege or premium tax return a copy of the allocation certificate issued by the KHRC with respect to such qualified development and a copy of any pass-through certification, as prescribed by the director.

(f) No credit shall be allocated pursuant to this act unless the qualified development is the subject of a recorded restrictive covenant requiring the development to be maintained and operated as a qualified development and is in accordance with the accessibility and adaptability requirements of the federal tax credits and title VIII of the civil rights act of 1968, as amended by the fair housing amendments act of 1988, for a period of 15 taxable years, or such longer period as may be agreed to between the KHRC and the owner of the qualified development, beginning with the first taxable year of the credit period.

(g) The allocated credit amount may be taken against the income, privilege or premium taxes imposed for each taxable year of the credit period. Any amount of credit that exceeds the income, privilege or premium tax liability of a qualified taxpayer for a taxable year may be carried forward as a credit against subsequent years' tax liability up to 11 tax years following the tax year in which the allocation was made and shall be applied first to the earliest years possible. Any amount of the credit that is not used shall not be refunded to the taxpayer.

(h) Unless otherwise provided in this act or the context or law requires otherwise, the KHRC shall determine eligibility for a credit and allocate credits in accordance with the standards and requirements set forth in section 42 of the federal internal revenue code. Any combination of federal tax credits and credits allowed pursuant to this act shall be the least amount necessary to ensure the financial feasibility of a qualified development.

Sec. 10. If, under section 42 of the federal internal revenue code, a portion of any federal tax credit taken on a qualified development is required to be recaptured or is otherwise disallowed during the credit period, the qualified taxpayer that claimed the credit pursuant to this act with respect to such qualified development shall also be required to recapture a portion of any credits authorized by this act. The percentage of credits subject to recapture shall be equal to the percentage of federal tax credits subject to recapture or otherwise disallowed during such period. Any credits recaptured or disallowed shall increase the tax liability of the qualified taxpayer who claimed the credits and shall be included on the tax return of the qualified taxpayer submitted for the taxable year in which the recapture or disallowance event is identified.

Sec. 11. The KHRC and the director, in consultation with each other, shall promulgate rules and regulations necessary for their respective administration of this act.

Sec. 12. (a) The KHRC, in consultation with the director, shall monitor and oversee compliance with the provisions of this act and shall report specific occurrences of noncompliance to the director.

(b) For each allocation year, the KHRC shall submit a written report to the legislature on or before December 31 of each year and make such report available to the public. The report shall:

(1) Specify the number of qualified developments that have been allocated credits during the allocation year and the total number of units supported by each development;

(2) describe each qualified development that has been allocated credits including, without limitation, the geographic location of the development, the household type and any specific demographic information available about residents intended to be served by the development, the income levels intended to be served by the development, and the rents or set-asides authorized for each development; and

(3) provide housing market and demographic information that demonstrates how the qualified developments supported by the credits are addressing the need for affordable housing within the communities they are intended to serve as well as information about any remaining disparities in the affordability of housing within those communities.

Sec. 13. (a) The purpose of the Kansas housing investor tax credit act is to bring housing investment dollars to communities that lack adequate housing. Development of suitable residential housing will complement economic development of rural and urban areas that lack adequate housing resources and enable such communities to attract businesses, employees and new residents.

(b) Sections 13 through 18, and amendments thereto, shall be known and may be cited as the Kansas housing investor tax credit act.

Sec. 14. As used in the Kansas housing investor tax credit act, sections 13 through 18, and amendments thereto:

(a) "Act" means the Kansas housing investor tax credit act;

(b) "cash investment" means, as approved by the director, money or money equivalent in consideration for qualified securities;

(c) "city" means any city incorporated in accordance with Kansas law with a population of less than 70,000, as certified to the secretary of state by the division of the budget on the previous July 1 in accordance with K.S.A. 11-201, and amendments thereto;

- (d) "corporation" means the Kansas housing resources corporation;
- (e) "county" means any county organized in accordance with K.S.A. 18-101 et seq., and amendments thereto, with a population of less than 75,000, as certified to the secretary of state by the division of the budget on the previous July 1 in accordance with K.S.A. 11-201, and amendments thereto;
- (f) "director" means the director of housing of the Kansas development finance authority;
- (g) "Kansas investor" means an individual who is a resident of Kansas or any business entity domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Kansas or conducts substantially all of its business activities in Kansas, or a bank or other financial institution or association chartered or incorporated under the laws of Kansas that does business primarily in Kansas or conducts substantially all of its business activities in Kansas;
- (h) "manufactured home" means a "manufactured home" as defined in K.S.A. 58-4202, and amendments thereto, that is installed on a permanent foundation. The permanent foundation shall be of a type not removable intact from the site, constructed of durable materials such as concrete, mortared masonry or treated wood, site built and shall have attachment points to anchor and stabilize the manufactured home to transfer all loads to the underlying soil or rock;
- (i) "modular home" means a "modular home" as defined in K.S.A. 58-4202, and amendments thereto, that is installed on a permanent foundation. The permanent foundation shall include a basement or crawl space;
- (j) "qualified housing project" means a project within a city or county for the construction of single-family residential dwellings, including, but not limited to, manufactured housing or modular housing, or multi-family residential dwellings or buildings, that is eligible for designation by the director as a project for the purposes of the tax credit allowed under this act. "Qualified housing project" does not include a project eligible for income or other tax credits designated for low-income housing under state or federal law, including, but not limited to, the low income housing tax credit pursuant to 26 U.S.C. § 42, or a project participating in tenant-based or project-based programs pursuant to section 8 of the United States housing act of 1937, 42 U.S.C. § 1437f;
- (k) "qualified investor" means an investor that has made a cash investment in a qualified housing project and is eligible for a tax credit under this act. A "qualified investor" includes a natural person, a business or a bank or other financial institution or association and the project builder or developer; and
- (l) "qualified securities" means a cash investment through any form or combination of forms of financial assistance, including equity or debt instruments or bank or financial institution or association loans pursuant to rules and regulations adopted by the director, and that with respect to any investment made for the purpose of receiving a tax credit under this act have been approved in form and substance by the director.

Sec. 15. (a) There is hereby established the Kansas housing investor tax credit program within the Kansas housing resources corporation, to be administered by the director of housing. The purpose of tax credits issued under the Kansas housing investor tax credit program is to facilitate investment in suitable housing that will support the growth of communities that lack adequate housing by attracting new employees,

residents and families and will support the development and expansion of businesses that are job and wealth creating enterprises.

(b) To achieve this purpose and to optimize the use of the limited resources of the state, the director is authorized to issue tax credits for qualified housing projects to qualified investors who make cash investments in such qualified housing projects and to project builders and developers. Such tax credits shall be issued for those qualified housing projects that, as determined by the director, are most likely to provide the greatest economic benefit to and best meet the needs of the community lacking adequate housing where the project is located. In issuing tax credits, the director shall give priority to Kansas investors.

(c) To be designated as a qualified housing project, the project builder or developer shall apply to the director. Such application shall be in a form and substance as required by the director and shall include:

(1) The name and address of the project builder or developer and names of all principals or management;

(2) if the project builder or developer is seeking tax credits for such builder's or developer's cash investment in the project, information as required by the director for consideration of the request;

(3) a project plan, including a description of the project, timeline, housing to be constructed, intended market, costs and anticipated pricing for the housing and any other information that may be required by the director;

(4) a statement of the potential economic impact of the project;

(5) a description of all financing for the project, the amount of any tax credits requested and the earliest year in which the tax credits may be claimed;

(6) a statement of the amount, timing and projected use of the proceeds to be raised from qualified investors;

(7) the names, addresses and taxpayer identification numbers of all investors who may qualify for the tax credit. Such list of investors who may qualify for the tax credit shall be amended as any information on the list shall change; and

(8) such additional information as the director may require.

(d) In determining whether to designate a project as a qualified housing project, the director shall consider whether the project:

(1) Has the support of the community and the governing body of the city or county where such project is located;

(2) will enhance the ability of the community that lacks adequate housing to attract new businesses or expand existing business by providing suitable housing directly for employees or make such housing significantly more available, or will meet other significant housing needs of the community making the community attractive to new or expanding businesses or their employees, as determined by the director;

(3) has the financial support, management, planning and market to be successful;

(4) has an analysis or survey of the housing needs of the community provided by the project builder or developer or the governing body of the city or county where the project is located that, in the director's judgment, supports proceeding with the proposed project for the purposes of this act;

(5) has met all other requirements of this act to the satisfaction of the director; and

(6) has met such other requirements of the director as adopted in rules and regulations.

(e) If the director approves the application, the director shall enter into an agreement with the project builder or developer for the project prior to issuing any tax credits for the project. The agreement shall set forth the amount of tax credits to be issued for the project, the requirements for a cash investment and the issuance of tax credits. If the project builder or developer has been approved by the director for tax credits for the project builder's or developer's cash investment in the project, the agreement shall set forth the amount of credits so approved and the amount of credits remaining for issuance to other qualified investors. Such agreement shall require, as a condition of the issuance of tax credits, binding commitments by the project builder or developer to the corporation for:

(1) The reporting of progress and financial data, including investor information. The project builder or developer shall have the obligation to notify the director in a timely manner of any changes in the qualifications of the project or in the eligibility of investors to claim a tax credit;

(2) the right of access to the project and to the financial records of the project builder or developer;

(3) the provision of information for purposes of the economic development incentive program information database pursuant to K.S.A. 2021 Supp. 74-50,226, and amendments thereto;

(4) the repayment requirements upon loss of designation pursuant to section 17, and amendments thereto; and

(5) any additional terms and conditions required by the director.

(f) To be eligible to receive tax credits, a qualified investor shall make a cash investment in the project in accordance with the agreement required by subsection (e). Each project builder or developer of a designated qualified housing project shall promptly report to the corporation the following information at the time such information becomes known to the builder or developer:

(1) The name, address and taxpayer identification number of each qualified investor who has made a cash investment in qualified securities in the project and has received tax credits for this investment during the preceding year and all other preceding years;

(2) the amounts of the cash investments by each qualified investor and a description of the qualified securities issued in consideration of such cash investments;

(3) the name, address and taxpayer identification number of each person to whom tax credits have been transferred by the original qualified investor; and

(4) any additional information as the director may require when requested.

(g) Any violation of the reporting requirements set forth in this section shall be grounds for loss of the designation as a qualified housing project, as provided by section 17, and amendments thereto.

(h) The reasonable costs of the administration of this act, the review of applications for certification as qualified housing projects and the issuance of tax credits to qualified housing projects as authorized by this act may be reimbursed in total or in part through fees paid by the qualified project, qualified investors or transferees of investors, according to a reasonable fee schedule adopted by the director.

(i) The state of Kansas shall not be held liable for any damages to any qualified investor that makes an investment in a qualified housing project.

(j) The director shall provide information regarding qualified housing projects and

qualified investors to the secretary of revenue.

(k) The director shall adopt rules and regulations as necessary to implement the provisions of this act.

Sec. 16. (a) (1) For tax year 2022 and all tax years thereafter, a credit against the income tax liability imposed pursuant to the Kansas income tax act, the privilege tax liability imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, or the premium tax liability imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto, shall be allowed to:

(A) A qualified investor for a cash investment in a qualified housing project that has been approved and issued a tax credit by the director. The tax credit may be claimed in its entirety in the taxable year the cash investment is made; and

(B) a project builder or developer of a qualified housing project that has been approved and issued a tax credit by the director.

(2) To claim such tax credit, the qualified investor or project builder or developer shall provide all information or documentation in the form and manner required by the secretary of revenue. If the amount of the credit exceeds the taxpayer's tax liability in any one taxable year, the remaining portion of the credit may be carried forward in the succeeding taxable years until the total amount of the credit is used, except that no credit may be claimed after four taxable years next succeeding the taxable year that such credit was issued, and any remaining credit shall be forfeited.

(b) (1) Tax credits may be issued by the director for a qualified housing project as follows:

(A) For qualified housing projects located in a county with a population of not more than 8,000, in an amount not to exceed \$35,000 per residential unit;

(B) for qualified housing projects located in a county with a population of more than 8,000 but not more than 25,000, in an amount not to exceed \$32,000 per residential unit; and

(C) for all other qualified housing projects, in an amount not to exceed \$30,000.

(2) A qualified housing project shall be limited to a total of 40 such residential units per year for both single-family and multi-family dwellings.

(3) Tax credits may be issued to a qualified investor in the amount of a cash investment of up to the total amount that may be issued by the director under this subsection for the qualified housing project, or as provided in the agreement required by section 15, and amendments thereto. Project builders or developers may apply to the director each year for tax credits for additional units or phases of a project. Qualified investors may be issued tax credits for cash investments in multiple qualified housing projects. Project builders or developers may apply and be approved for multiple qualified housing projects in the same tax year.

(4) The aggregate amount of tax credits that may be issued under this section shall not exceed \$18,000,000 each tax year, except that if the director issues an aggregate amount of tax credits in one tax year that is less than \$18,000,000, then the director may carry forward the difference and issue such amount of tax credits in the immediately succeeding tax year in addition to the statutory amount that may be issued under this section. Of the aggregate amount of tax credits issued in one tax year, the director shall allocate:

(A) Not less than \$2,000,000 in tax credits for qualified housing projects located in counties with a population of not more than 8,000; and

(B) not less than \$2,000,000 in tax credits for qualified housing projects located in counties with a population of more than 8,000 but not more than 25,000.

(c) A cash investment in a qualified housing project shall be deemed to have been made on the date of acquisition of the qualified security, as such date is determined by the director.

(d) Any qualified investor without a current tax liability at the time of the investment in a qualified housing project that does not reasonably believe such investor will owe any such tax for the current taxable year and who receives a tax credit pursuant to this section shall be deemed to acquire an interest in the nature of a transferable credit limited to the amount of the credit issued to the qualified investor by the director. This interest may be transferred to any person whether or not such person is then a qualified investor and be claimed by the transferee as a credit against the transferee's Kansas tax liability in the same manner as the transferor beginning in the year the credit is transferred. The credit may be carried forward as permitted by subsection (a). No person shall be entitled to a refund for any interest on such tax credit that may be created under this section. Only the full amount of the tax credit for any one qualified housing project investment may be transferred and may only be transferred one time. A credit acquired by transfer shall be subject to the limitations prescribed in this section. Documentation of any credit acquired by transfer shall be provided by the taxpayer claiming such credit in the manner required by the secretary of revenue. The qualified investor transferring such credit shall provide the director and the secretary of revenue with the name, address and taxpayer identification number of each person to whom tax credits have been transferred and such other information as may be required by the director or the secretary of revenue.

(e) The secretary of revenue may adopt rules and regulations as necessary to implement and administer the provisions of this act.

Sec. 17. (a) If the director determines that a project is not in substantial compliance with the requirements of this act or the agreement executed pursuant to section 15, and amendments thereto, the director shall inform the project builder or developer of the project in writing that the project will lose designation as a qualified housing project in 120 days from the date of mailing of the notice unless such builder or developer corrects the deficiencies and becomes compliant with with the requirements for designation.

(b) At the end of such 120-day period, if the project is still not in substantial compliance, the director shall send a notice of loss of designation to the project builder or developer, the secretary of revenue and all known qualified investors in the project. Loss of designation of a qualified housing project shall preclude the issuance of any additional tax credits with respect to the project, and the director shall not approve any subsequent application for such project as a qualified housing project. Upon loss of the designation as a qualified housing project, the project builder or developer shall repay any tax credits such taxpayer has claimed.

(c) Qualified investors other than the project builder or developer who have lawfully made a cash investment in a qualified housing project approved by the director shall not have tax credits disallowed solely due to the project losing its designation as a qualified housing project under this act.

Sec. 18. (a) On or before January 31, 2023, and on or before January 31 of each year thereafter, the director shall transmit a report annually to the governor, the standing committee on commerce of the senate and the standing committee on commerce, labor and economic development of the house of representatives. Such report shall be based upon information received from each qualified housing project for which tax credits have been issued during the preceding year and shall describe the following:

(1) The manner in which the purpose, as described in this act, has been carried out;
 (2) the total cash investments made for qualified securities in qualified housing projects during the preceding year and cumulatively since the enactment of this act;
 (3) an estimate of jobs facilitated by housing developed through such investments;
 and

(4) an estimate of the multiplier effect on the Kansas economy of the investments. The amount of tax credits claimed in the previous fiscal year; a general description of the investors that benefited from the tax credits; and any aggregate job creation or capital investment in Kansas that resulted from the tax credits for a period of five years beginning from the date on which the tax credits were issued.

(b) The director shall conduct an annual review of the activities undertaken pursuant to this act to ensure that tax credits issued pursuant to this act are issued in compliance with the provisions of this act and rules and regulations adopted by the director.";

And by renumbering sections accordingly;

On page 1, in the title, in line 3, after "graduates" by inserting "; enacting the Kansas affordable housing tax credit act and the Kansas housing investor tax credit act; providing tax credits against income, privilege and premium taxes for qualified housing projects"

A ruling of the chair was requested as to the germaneness of amendment to the bill. The amendment was ruled germane.

SB 282 be further amended by motion of Senator Tyson; on page 2, in line 3, by striking "2022" and inserting "2023"; in line 26, by striking "2021" and inserting "2022";

On page 3, in line 2, by striking "2021" and inserting "2022"; in line 16, by striking "2021" and inserting "2022"; in line 38, by striking "2022" and inserting "2023";

On page 4, in line 3, by striking "2026" and inserting "2027"

SB 282 be further amended by motion of Senator Tyson; on page 4, following line 3, by inserting:

"Sec. 7. For tax year 2022, and all tax years thereafter, there shall be allowed a credit against the tax liability of a qualified taxpayer imposed under the Kansas income tax act in an amount equal to the expenditures made by the taxpayer for school and classroom supplies during the taxable year. The amount of the credit allowed each taxable year under this section shall not exceed \$250. As used in this section, a "qualified taxpayer" means an individual who is a Kansas resident and is employed as a public or private school teacher.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, after the semicolon by inserting "relating to credits;"; in line 3, after "graduates" by inserting "; providing a credit for school and classroom supplies purchased by teachers"

SB 282 be further amended by motion of Senator Baumgardner; on page 1, in line 6,

before "Section" by inserting "New";

On page 2, in line 26, before "Sec." by inserting "New";

On page 3, in line 2, before "Sec." by inserting "New"; in line 16, before "Sec." by inserting "New"; in line 33, before "Sec." by inserting "New";

On page 4, in line 1, before "Sec." by inserting "New"; following line 3, by inserting: "New Sec. 7. (a) For tax year 2022, and all tax years thereafter, the amount of any claim pursuant to this section shall be computed by deducting the claimant's base year ad valorem tax amount for the homestead from the claimant's homestead ad valorem tax amount for the tax year for which the refund is sought.

(b) As used in this section:

(1) "Base year" means the year in which an individual becomes an eligible claimant and who is also eligible for a claim for refund pursuant to this section. For any individual who would otherwise be an eligible claimant prior to 2021, such base year shall be deemed to be 2021 for the purposes of this act. In the event an individual is no longer an eligible claimant under this section, the individual shall establish a new base year in the year that the individual becomes an eligible claimant.

(2) "Claimant" means a person who has filed a claim under the provisions of this act and was, during the entire calendar year preceding the year in which such claim was filed for refund under this act, except as provided in K.S.A. 79-4503, and amendments thereto, both domiciled in this state and was: (A) A person who is 65 years of age or older; or (B) a disabled veteran. The surviving spouse of a person 65 years of age or older or a disabled veteran who was receiving benefits pursuant to this section at the time of the claimant's death shall be eligible to continue to receive benefits until such time the surviving spouse remarries.

(c) A claimant shall only be eligible for a claim for refund under this section if the claimant's household income for the year in which the claim is filed is \$50,000 or less. In the case of all tax years commencing after December 31, 2022, the upper limit household income threshold amount prescribed in this subsection shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.

(d) A taxpayer shall not be eligible for a homestead property tax refund claim pursuant to this section if such taxpayer has received for such property for such tax year either: (1) A homestead property tax refund pursuant to K.S.A. 79-4508, and amendments thereto; or (2) the selective assistance for effective senior relief (SAFESR) credit pursuant to K.S.A. 79-32,263, and amendments thereto.

(e) The amount of any claim shall be computed to the nearest \$1.

(f) The provisions of this section shall be a part of and supplemental to the homestead property tax refund act.

Sec. 8. K.S.A. 79-4502 is hereby amended to read as follows: 79-4502. As used in this act, unless the context clearly indicates otherwise:

(a) "Income" means the sum of adjusted gross income under the Kansas income tax act effective for tax year 2013 and thereafter without regard to any modifications pursuant to K.S.A. 79-32,117(b)(xx) through (xxiii) and (c)(xx), and amendments thereto, maintenance, support money, cash public assistance and relief, not including any refund granted under this act, the gross amount of any pension or annuity, including all monetary retirement benefits from whatever source derived, including but not

limited to, all payments received under the railroad retirement act, except disability payments, payments received under the federal social security act, except that for determination of what constitutes income such amount shall not exceed 50% of any such social security payments and shall not include any social security payments to a claimant who prior to attaining full retirement age had been receiving disability payments under the federal social security act in an amount not to exceed the amount of such disability payments or 50% of any such social security payments, whichever is greater, all dividends and interest from whatever source derived not included in adjusted gross income, workers compensation and the gross amount of "loss of time" insurance. Income does not include gifts from nongovernmental sources or surplus food or other relief in kind supplied by a governmental agency, nor shall net operating losses and net capital losses be considered in the determination of income. Income does not include veterans disability pensions. Income does not include disability payments received under the federal social security act.

(b) "Household" means a claimant, a claimant and spouse who occupy the homestead or a claimant and one or more individuals not related as husband and wife who together occupy a homestead.

(c) "Household income" means all income received by all persons of a household in a calendar year while members of such household.

(d) "Homestead" means the dwelling, or any part thereof, owned and occupied as a residence by the household and so much of the land surrounding it, as defined as a home site for ad valorem tax purposes, and may consist of a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built or a manufactured home or mobile home and the land upon which it is situated. "Owned" includes a vendee in possession under a land contract, a life tenant, a beneficiary under a trust and one or more joint tenants or tenants in common.

(e) "Claimant" means a person who has filed a claim under the provisions of this act and was, during the entire calendar year preceding the year in which such claim was filed for refund under this act, except as provided in K.S.A. 79-4503, and amendments thereto, both domiciled in this state and was: (1) For purposes of a claim under K.S.A. 79-4508, and amendments thereto: (A) A person having a disability; (2) (B) a person who is 55 years of age or older; (3) (C) a disabled veteran; (4) (D) the surviving spouse of active duty military personnel who died in the line of duty; or (5) (E) a person other than a person included under (1), (2), (3) or (4) subparagraph (A), (B), (C) or (D) having one or more dependent children under 18 years of age residing at the person's homestead during the calendar year immediately preceding the year in which a claim is filed under this act; or (2) for purposes of a claim under section 7, and amendments thereto: (A) A person who is 65 years of age or older; or (B) a disabled veteran. The surviving spouse of a disabled veteran who was receiving benefits pursuant to subsection (e)(3) of this section (e)(1)(C) at the time of the veterans' death, shall be eligible to continue to receive benefits until such time the surviving spouse remarries.

When a homestead is occupied by two or more individuals and more than one of the individuals is able to qualify as a claimant, the individuals may determine between them as to whom the claimant will be. If they are unable to agree, the matter shall be referred to the secretary of revenue whose decision shall be final.

(f) "Property taxes accrued" means property taxes, exclusive of special assessments, delinquent interest and charges for service, levied on a claimant's

homestead in 1979 or any calendar year thereafter by the state of Kansas and the political and taxing subdivisions of the state. When a homestead is owned by two or more persons or entities as joint tenants or tenants in common and one or more of the persons or entities is not a member of claimant's household, "property taxes accrued" is that part of property taxes levied on the homestead that reflects the ownership percentage of the claimant's household. For purposes of this act, property taxes are "levied" when the tax roll is delivered to the local treasurer with the treasurer's warrant for collection. When a claimant and household own their homestead part of a calendar year, "property taxes accrued" means only taxes levied on the homestead when both owned and occupied as a homestead by the claimant's household at the time of the levy, multiplied by the percentage of 12 months that the property was owned and occupied by the household as its homestead in the year. When a household owns and occupies two or more different homesteads in the same calendar year, property taxes accrued shall be the sum of the taxes allocable to those several properties while occupied by the household as its homestead during the year. Whenever a homestead is an integral part of a larger unit such as a multi-purpose or multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the homestead is of the total value. For the purpose of this act, the word "unit" refers to that parcel of property covered by a single tax statement of which the homestead is a part.

(g) "Disability" means:

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

(2) blindness and inability by reason of blindness to engage in substantial gainful activity requiring skills or abilities comparable to those of any gainful activity in which the individual has previously engaged with some regularity and over a substantial period of time.

(h) "Blindness" means central visual acuity of $20/200$ or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered for the purpose of this paragraph as having a central visual acuity of $20/200$ or less.

(i) "Disabled veteran" means a person who is a resident of Kansas and has been honorably discharged from active service in any branch of the armed forces of the

United States or Kansas national guard and who has been certified by the United States department of veterans affairs or its successor to have a 50% or greater permanent disability sustained through military action or accident or resulting from disease contracted while in such active service.

Sec. 9. K.S.A. 79-4508 is hereby amended to read as follows: 79-4508. (a) Commencing in the tax year beginning after December 31, 2005, the amount of any claim pursuant to this act and under this section shall be computed by deducting the amount computed under column (2) from the amount of claimant's property tax accrued.

(1)		(2)
Claimants Claimant's household income		Deduction from property tax accrued
	But not	
At least	more than	
\$0	\$6,000	\$0
6,001	7,000	4%
7,001	16,000	4% plus 4% of every \$1,000, or fraction thereof, of income in excess of \$7,001
16,001	27,000	40% plus 5% of every \$1,000, or fraction thereof, of income in excess of \$16,001
27,001	27,600	95%

(b) The director of taxation shall prepare a table under which claims under this act and this section shall be determined. The amount of claim for each bracket shall be computed only to the nearest \$1.

(c) The claimant may elect not to record the amount claimed on the claim. The claim allowable to persons making this election shall be computed by the department which shall notify the claimant by mail of the amount of the allowable claim.

(d) In the case of all tax years commencing after December 31, 2004, the upper limit threshold amount prescribed in this section, shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.

Sec. 10. K.S.A. 79-4509 is hereby amended to read as follows: 79-4509. (a) In the event property taxes accrued exceeds \$700 for a household in any one year, the amount thereof shall, for purposes of this act, be deemed to have been \$700.

(b) The provisions of subsection (a) shall not apply to a claim for refund pursuant to section 7, and amendments thereto.

Sec. 11. K.S.A. 79-4502, 79-4508 and 79-4509 are hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 3, after "graduates" by inserting "; providing homestead property tax refunds from income tax refund fund to certain persons based on the increase in property tax over the base year property tax amount; amending K.S.A. 79-4502, 79-4508 and 79-4509 and repealing the existing sections"

SB 282 be further amended by motion of Senator Peck; on page 1, in line 6, before "Section" by inserting "New";

On page 2, in line 26, before "Sec." by inserting "New";

On page 3, in line 2, before "Sec." by inserting "New"; in line 16, before "Sec." by inserting "New"; in line 33, before "Sec." by inserting "New";

On page 4, in line 1, before "Sec." by inserting "New"; following line 3, by inserting:

"Sec. 7. K.S.A. 2021 Supp. 79-201x is hereby amended to read as follows: 79-201x. (a) For taxable years 2021 and year 2022, and all taxable years thereafter, the following described property, to the extent herein specified, shall be and is hereby exempt from the property tax levied pursuant to the provisions of K.S.A. 72-5142, and amendments thereto: Property used for residential purposes to the extent of ~~\$20,000~~ \$65,000 of its appraised valuation.

(b) For taxable year 2023, and all taxable years thereafter, the dollar amount of the extent of appraised valuation that is exempt pursuant to subsection (a) shall be adjusted to reflect the average percentage change in statewide residential valuation of all residential real property for the preceding 10 years. Such average percentage change shall not be less than zero. The director of property valuation shall calculate the average percentage change for purposes of this annual adjustment and calculate the dollar amount of the extent of appraised valuation that is exempt pursuant to this section each year.

Sec. 8. K.S.A. 2021 Supp. 79-201x is hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "income"; also in line 1, after the semicolon by inserting "relating to income taxation"; in line 3, after "graduates" by inserting "; relating to property taxation; increasing extent of exemption for residential property from statewide school levy; amending K.S.A. 2021 Supp. 79-201x and repealing the existing section";

and **SB 282** be passed as amended.

A motion by Senator Sykes to further amend **SB 282** failed and the following amendment was rejected; on page 4, following line 3, by inserting:

"Sec. 7. (a) There shall be a Kansas resident income tax rebate for tax year 2020 for each qualified Kansas resident individual income taxpayer in the amount of \$250 for single filing status, married filing separate filing status and head of household filing status and \$500 for married filing jointly filing status when the resident taxpayer:

(1) Timely filed such taxpayer's tax year 2020 individual income tax by October 15, 2021; and

(2) the taxpayer filing single, head of household or married filing separate or the taxpayer and taxpayer's spouse, if married filing jointly, were domiciled in this state during the entire 2020 tax year.

(b) For purposes of this section, "domicile" shall not include any correctional institution, or portion thereof, as defined in K.S.A. 75-5202, and amendments thereto, any juvenile correctional facility, or portion thereof, as defined in K.S.A. 38-2302, and amendments thereto, any correctional facility of the federal bureau of prisons located in the state of Kansas or any city or county jail facility in the state of Kansas.

(c) No Kansas resident income tax rebate shall be allowed for any individual or individual's spouse, if filing jointly, who fails to provide a valid social security number issued by the social security administration.

(d) Notwithstanding any provisions of law to the contrary, on the effective date of this act, or as soon thereafter as moneys are available, \$460,000,000 shall be transferred by the director of accounts and reports from the state general fund to the income tax refund fund. The director of accounts and reports shall pay such rebates, including administrative costs such as printing and postage costs, from the income tax refund fund.

(e) The director of accounts and reports shall consult with the director of taxation of the department of revenue to verify the list of qualified Kansas resident taxpayers.

(f) The Kansas resident income tax rebate shall not be subject to Kansas income tax.

(g) On or before October 1, 2022, the director of accounts and reports shall prepare a report to the director of the budget and the director of legislative research on the amounts of Kansas resident income tax rebates that were distributed to taxpayers and the amount of administrative costs needed to make the Kansas resident income tax rebate payments.";

Also on page 4, in line 4, by striking "7" and inserting "8"; in line 5, by striking "statute book" and inserting "Kansas register";

On page 1, in the title, in line 1, after the semicolon by inserting "relating to credits and rebates;"; in line 3, after "graduates" by inserting ";"; providing a Kansas resident income tax rebate and authorizing a transfer from the state general fund to the income tax refund fund"

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

On roll call, the vote was: Yeas 16; Nays 18; Present and Passing 0; Absent or Not Voting 6.

Yeas: Francisco, Gossage, Haley, Hawk, Hilderbrand, Holland, Holscher, Petersen, Pittman, Pyle, Steffen, Straub, Sykes, Tyson, Ware, Warren.

Nays: Alley, Baumgardner, Billinger, Bowers, Claeys, Doll, Erickson, Fagg, Kerschen, Kloos, Longbine, McGinn, O'Shea, Peck, Ryckman, Suellentrop, Thompson, Wilborn.

Absent or Not Voting: Corson, Dietrich, Faust-Goudeau, Masterson, Olson, Pettey.

EXPLANATION OF VOTE

Mr. Vice President: I vote Aye on this amendment because it provides income tax relief to Kansas taxpayers, and encourages economic growth. One of the KS GOP and Republican Party platform values is to support lower taxes. "We support implementation of the Fair Tax which would eliminate all individual and corporate income tax in Kansas."—ALICIA STRAUB

SB 326, be amended by the adoption of the committee amendments, and the bill be passed as amended.

SB 276; HB 2075, HB 2237 be passed over and retain a place on the calendar.

CONSIDERATION OF MOTIONS TO CONCUR AND NONCONCUR

On motion of Senator Baumgardner the Senate nonconcurrent in the House amendments to **SB 62** and requested a conference committee be appointed.

The Vice President appointed Senators Baumgardner, Erickson and Sykes as a conference committee on the part of the Senate.

REPORTS OF STANDING COMMITTEES

Committee on **Public Health and Welfare** begs leave to submit the following report:

The following appointment was referred to and considered by the committee and your committee reports without recommendation to the Senate such appointment:

By the Governor:

Secretary, Department of Health and Environment: K.S.A. 75-5601

Janet Stanek, to serve at the pleasure of the Governor

Committee on **Transparency and Ethics** recommends **SB 386** be amended on page 1, in line 13, by striking "not"; in line 16, by striking "unless" and inserting "if"; in line 19, after "provide" by inserting "copies of"; also in line 19, after "that" by inserting "were not disclosed at a public meeting and are subject to an exception from disclosure under this act or that";

On page 2, in line 1, by striking all after "copying"; in line 2, by striking all before the period; also in line 2, after the period by inserting "Fees shall not be charged for copies of blank forms or of pages with all information redacted."; in line 19, by striking all after "(6)"; by striking all in line 20; in line 21, by striking all before the period and inserting "In the event an agency incurs costs for staff time to provide access to or furnish copies of public records, public agencies shall in good faith use the lowest-cost category of staff reasonably necessary to provide access to or furnish copies of public records"; in line 22, by striking all after "(7)"; by striking all in line 23; in line 24, by striking "(8)"; in line 25, by striking all after "section"; by striking all in lines 26 through 28; in line 29, by striking all before the period; and the bill be passed as amended.

Committee on **Transportation** recommends **HB 2594**, as amended by House Committee of the Whole, be passed and, because the committee is of the opinion that the bill is of a noncontroversial nature, be placed on the consent calendar.

Committee on **Utilities** recommends **HB 2329**, as amended by House Committee, be passed and, because the committee is of the opinion that the bill is of a noncontroversial nature, be placed on the consent calendar.

On motion of Senator Alley, the senate adjourned pro forma until 9:00 a.m. March 04, 2022.

CHARLENE BAILEY, CINDY SHEPARD, *Journal Clerks.*

COREY CARNAHAN, *Secretary of the Senate.*

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