

Journal of the House

FORTY-SECOND DAY

HALL OF THE HOUSE OF REPRESENTATIVES,
TOPEKA, KS, Monday, March 13, 2023, 11:00 a.m.

The House met session pro forma pursuant to adjournment with Speaker Hawkins in the chair.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were introduced and read by title:

HB 2457, AN ACT concerning taxation; relating to income tax; providing a 4.95% tax rate for individuals and decreasing the normal tax for corporations; discontinuing possible future corporate rate decreases as a result of agreements under the attracting powerful economic expansion program act; increasing the income limit to qualify for a subtraction modification for social security income; providing that all social security benefits qualify for the subtraction modification commencing in tax year 2026; increasing the Kansas standard deduction by a cost-of-living adjustment; discontinuing the food sales tax credit; relating to sales and compensating use tax; reducing the rate of tax on sales of food and food ingredients; relating to property tax; increasing the extent of exemption for residential property from the statewide school levy; relating to privilege tax rates; decreasing the surtax; amending K.S.A. 79-1107 and 79-1108 and K.S.A. 2022 Supp. 74-50,321, 79-201x, 79-32,110, 79-32,117, 79-32,119, 79-32,271, 79-3603, 79-3603d, 79-3620, 79-3703 and 79-3710 and repealing the existing sections, by Committee on Taxation.

HB 2458, AN ACT concerning school districts; authorizing the state board of education to establish new school districts for purposes of attachment of territory of a disorganized school district; providing for administrative and judicial review of resolutions to permanently close a school building; amending K.S.A. 72-635 and 72-1431 and repealing the existing sections, by Committee on Federal and State Affairs.

REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bill was referred to committee as indicated:

Judiciary: **SB 244**.

CHANGE OF REFERENCE

Speaker Hawkins announced the withdrawal of **SB 180** from the Calendar and re-referral to Committee on Health and Human Services.

MESSAGES FROM THE SENATE

Announcing passage of **SB 53, SB 114**.

Announcing passage of **HB 2184**, as amended.

INTRODUCTION OF SENATE BILLS AND CONCURRENT RESOLUTIONS

The following Senate bills were thereupon introduced and read by title:

SB 53, SB 114.

REPORTS OF STANDING COMMITTEES

The Committee on **Commerce, Labor and Economic Development** recommends **HB 2414** be amended by substituting with a new bill to be designated as "Substitute for HOUSE BILL NO. 2414," as follows:

"Substitute for HOUSE BILL NO. 2414

By Committee on Commerce, Labor and Economic Development

"AN ACT concerning private and public postsecondary educational institutions; relating to the development of postsecondary engineering programs and the provision of scholarships for engineering students at certain private and public institutions of higher education; creating a matching grant program to be administered by the secretary of commerce; creating the engineering graduate incentive fund.";

And the substitute bill be passed.

(**Sub HB 2414** was thereupon introduced and read by title.)

Committee on **Energy, Utilities and Telecommunications** recommends **HB 2225** as recommended to be passed by the Committee on Energy, Utilities and Telecommunications as reported in the Journal of the House on February 21, 2023, be amended on page 1, following line 8, by inserting:

"Section 1. K.S.A. 66-117 is hereby amended to read as follows: 66-117. (a) Unless the state corporation commission otherwise orders, no common carrier or public utility over which the commission has control shall make effective any changed rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of such public utility or common carrier except by filing the same with the commission at least 30 days prior to the proposed effective date. The commission, for good cause, may allow such changed rate, joint rate, toll, charge or classification or schedule of charges, or rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier to become effective on less than 30 days' notice. If the commission allows a change to become effective on less than 30 days' notice, the effective date of the allowed change shall be the date established in the commission order approving such change, or the date of the order if no effective date is otherwise established. Any such proposed change shall be shown by filing with the state corporation commission a schedule showing the changes, and such changes shall be plainly indicated by proper reference marks in amendments or supplements to existing tariffs, schedules or classifications, or in new issues thereof.

(b) Whenever any common carrier or public utility governed by the provisions of this act files with the state corporation commission a schedule showing the changes desired to be made and put in force by such public utility or common carrier, the commission either upon complaint or upon its own motion, may give notice and hold a hearing upon such proposed changes. Pending such hearing, the commission may

suspend the operation of such schedule and defer the effective date of such change in rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier by delivering to such public utility or common carrier a statement in writing of its reasons for such suspension.

(c) The commission shall not delay the effective date of the proposed change in rate, joint rate, toll, charge or classification or schedule of charges, or in any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, more than 240 days beyond the date the public utility or common carrier filed its application requesting the proposed change. If the commission does not suspend the proposed schedule within 30 days of the date the same is filed by the public utility or common carrier, such proposed schedule shall be deemed approved by the commission and shall take effect on the proposed effective date. If the commission has not issued a final order on the proposed change in any rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, within 240 days after the carrier or utility files its application requesting the proposed change, then the schedule shall be deemed approved by the commission and the proposed change shall be effective immediately, except that:

(1) For purposes of the foregoing provisions regarding the period of time within which the commission shall act on an application, any amendment to an application for a proposed change in any rate, which increases the amount sought by the public utility or common carrier or substantially alters the facts used as a basis for such requested change of rate, shall, at the option of the commission, be deemed a new application and the 240-day period shall begin again from the date of the filing of the amendment;

(2) if hearings are in process before the commission on a proposed change requested by the public utility or common carrier on the last day of such 240-day period, such period shall be extended to the end of such hearings plus 20 days to allow the commission to prepare and issue its final order; and;

(3) nothing in this subsection shall preclude the public utility or common carrier and the commission from agreeing to a waiver or an extension of the 240-day period.

(d) Except as provided in subsection (c), no change shall be made in any rate, toll, charge, classification or schedule of charges or joint rates, or in any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, without the consent of the commission. Within 30 days after such changes have been authorized by the state corporation commission or become effective as provided in subsection (c), copies of all tariffs, schedules and classifications, and all rules and regulations, except those determined to be confidential under rules and regulations adopted by the commission, shall be filed in every station, office or depot of every such public utility and every common carrier in this state, for public inspection.

(e) Upon a showing by a public utility before the state corporation commission at a public hearing and a finding by the commission that such utility has invested in projects or systems that can be reasonably expected ~~(1)~~ to produce energy from a renewable resource other than nuclear for the use of its customers, ~~(2)~~ to cause the conservation of energy used by its customers; or ~~(3)~~ to bring about the more efficient use of energy by its customers, the commission may allow a return on such investment equal to an increment of from ~~1/2%~~ 0.5% to 2% plus an amount equal to the rate of return fixed for

the utility's other investment in property found by the commission to be used or required to be used in its services to the public. The commission may also allow such higher rate of return on investments by a public utility in experimental projects, such as load management devices, which it determines after public hearing to be reasonably designed to cause more efficient utilization of energy and in energy conservation programs or measures which it determines after public hearing provides a reduction in energy usage by its customers in a cost-effective manner.

(f) Whenever, after the effective date of this act, an electric public utility, a natural gas public utility or a combination thereof, files tariffs reflecting a surcharge on the utility's bills for utility service designed to collect the annual increase in expense charged on its books and records for ad valorem taxes, such utility shall report annually to the state corporation commission the changes in expense charged for ad valorem taxes. For purposes of this section, such amounts charged to expense on the books and records of the utility may be estimated once the total property tax payment is known. If found necessary by the commission or the utility, the utility shall file tariffs which reflect the change as a revision to the surcharge. Upon a showing that the surcharge is applied to bills in a reasonable manner and is calculated to substantially collect the increase in ad valorem tax expense charged on the books and records of the utility, or reduce any existing surcharge based upon a decrease in ad valorem tax expense incurred on the books and records of the utility, the commission shall approve such tariffs within 30 days of the filing. Any over or under collection of the actual ad valorem tax increase charged to expense on the books of the utility shall be either credited or collected through the surcharge in subsequent periods. The establishment of a surcharge under this section shall not be deemed to be a rate increase for purposes of this act. The net effect of any surcharges established under this section shall be included by the commission in the establishment of base rates in any subsequent rate case filed by the utility.

(g) Except as to the time limits prescribed in subsection (c), proceedings under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

(h) In any general rate proceeding of an electric public utility serving more than 20,000 customers conducted pursuant to this section, the electric public utility shall evaluate and include in its application for a rate change an assessment of the following: (1) The regional rate competitiveness of the electric public utility's current and proposed rates; and (2) the impact of the electric public utility's current and proposed rates upon economic development within the state."

On page 2, in line 24, after the second comma by inserting "the following:

(A)";

Also on page 2, in line 26, by striking "notice" and inserting "notification"; in line 29, after "agency" by inserting "; and

(B) all fees and costs imposed on the electric utility in connection with the operation of wholesale power markets by a regional transmission organization, independent system operator or other entity that is regulated by the federal energy regulatory commission, other federal agency or any successor federal agency";

Also on page 2, in line 30, by striking "Such" and inserting "A"; also in line 30, by striking "shall not include" and inserting "serving more than 20,000 customers in Kansas may recover"; in line 33, by striking "notice" and inserting "notification"; in line

36, after "agency" by inserting ", subject to such utility's compliance with subsections (e) and (f)"; by striking all in lines 37 through 43;

On page 3, by striking all in lines 1 and 2; in line 3, by striking all before the period and inserting "(e) To recover the costs described in subsection (d)(2) as a component of a transmission delivery charge and to facilitate commissioner and commission-authorized intervenor review, a utility shall make a compliance filing with the commission prior to the time period provided pursuant to subsection (f) for the commission to adjust the return on equity relating to such costs. A compliance filing shall include all the compliance filing details required by this subsection. Such utility shall continue to make annual compliance filings to the commission. Each compliance filing shall provide the following:

(1) For each non-blanket work order transmission project over \$15,000,000, or a different amount deemed necessary by the commission staff in consultation with the filing utility, an itemization of projected transmission spending for the succeeding calendar year and the second succeeding calendar year. The commission may expect a utility to provide more extensive details for transmission projects in the succeeding calendar year than for the second succeeding calendar year, but the utility shall provide as many details as reasonably possible for transmission projects in the second succeeding calendar year;

(2) for each transmission project:

(A) A project identifier or name;

(B) the anticipated in-service date;

(C) the projected cost;

(D) the specific location within the utility's system;

(E) whether the project is classified as a new build, rebuild, upgrade or any other appropriate classification;

(F) a description providing the purpose for the project and the anticipated reliability benefits;

(G) a description of the original vintage of the replaced facilities if the project is classified as a rebuild or upgrade; and

(H) the load additions or economic development benefits accommodated by the project, if any; and

(3) a proposed date and time for:

(A) Representatives of the public utility to conduct a technical conference for the purpose of discussing the details of the compliance filing with commission staff, the citizens utility ratepayer board and other commission-authorized intervenors. Such technical conference shall be held not later than 90 days after the utility filed the compliance filing; and

(B) the commission to hold a public workshop in which representatives of the public utility shall present the details associated with the transmission projects that are anticipated in the succeeding calendar year. The public workshop shall allow for questions and comments from the commission, commission staff and other commission-authorized intervenors. The public workshop shall be held not later than 120 days after the utility filed the compliance filing.

(f) Beginning January 1, 2024, and prior to April 1, 2024, for any utility electing to recover the costs described in subsection (d)(2), the commission shall adjust the return on equity used to determine the revenue requirement of such costs from the federal

energy regulatory commission's jurisdictional return on equity to the state corporation commission's authorized return on equity last used to set the utility's base rates in effect at the time of filing the transmission delivery charge update. If a return on equity was not explicitly established during the utility's last general rate case, the commission shall determine an appropriate return on equity from the record of the last general rate case to establish the revenue requirement for such costs. The use of the state corporation commission's authorized return on equity shall not impact any project that was constructed as a result of a notification to construct or similar directive from a regional transmission organization or independent system operator that is regulated by the federal energy regulatory commission, or any successor agency. In any transmission delivery charge update filing, a utility electing to recover the costs described in subsection (d)(2) shall utilize the state corporation commission's authorized return on equity that was used to set the utility's base rates in effect at the time of the update filing or that was stipulated and approved by the commission for use in the transmission delivery charge if a return on equity was not explicitly set during the last general rate case, to determine the utility's transmission delivery charge update";

Also on page 3, in line 4, after "K.S.A." by inserting "66-117 and"; also in line 4, by striking "is" and inserting "are";

And by renumbering sections accordingly;

On page 1, in the title, in line 4, by striking "excluding" and inserting "authorizing"; in line 5, after "planning" by inserting "under certain circumstances; requiring the commission to adjust the authorized return on equity for such internal or local transmission projects recovered through a transmission delivery charge; requiring public utilities to evaluate the regional rate competitiveness and impact to economic development in rate proceedings"; also in line 5, after "K.S.A." by inserting "66-117 and"; in line 6, by striking "section" and inserting "sections"; and the bill be passed as amended.

Committee on **Legislative Modernization** recommends **SB 229** be amended by substituting with a new bill to be designated as "House Substitute for SENATE BILL NO. 229," as follows:

"House Substitute for SENATE BILL NO. 229

By Committee on Legislative Modernization

"AN ACT concerning the legislature; relating to compensation, salary and retirement benefits of members thereof; creating the legislative compensation commission; prescribing powers and duties of the commission; authorizing the commission to set rates of compensation and salary for members of the legislature; establishing procedures for review and possible rejection of such rates of compensation and salary by the legislature; eliminating the previously established compensation commission; repealing K.S.A. 46-3101.";

And the substitute bill be passed.

(**H Sub for SB 229** was thereupon introduced and read by title.)

Committee on **Taxation** recommends **HB 2232** be passed.

Committee on **Taxation** recommends **HB 2421** 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 **Taxation** recommends **HB 2317** be amended on page 1, following line

7, by inserting:

"Section 1. K.S.A. 2022 Supp. 79-1460 is hereby amended to read as follows: 79-1460. (a) The county appraiser shall notify each taxpayer in the county annually on or before March 1 for real property and May 1 for personal property, by mail directed to the taxpayer's last known address, of the classification and appraised valuation of the taxpayer's property, except that, the valuation for all real property shall not be increased unless the record of the latest physical inspection was reviewed by the county or district appraiser, and documentation exists to support such increase in valuation in compliance with the directives and specifications of the director of property valuation, and such record and documentation is available to the affected taxpayer. Alternatively, the county appraiser may transmit the classification and appraised valuation to the taxpayer by electronic means if such taxpayer consented to service by electronic means.

(b) ~~The valuation for all real property also shall not be increased solely as the result of normal repair, replacement or maintenance of existing structures, equipment or improvements on the property. For purposes of this section, "normal repair, replacement or maintenance" does not include new construction as defined in this section. For the next two taxable years following the taxable year that the valuation for commercial real property has been reduced due to a final determination made pursuant to the valuation appeals process, the county appraiser shall review the computer-assisted mass-appraisal of the property and if the valuation in either of those two years exceeds the value of the previous year by more than 5%, excluding new construction, change in use or change in classification, the county appraiser shall either:~~

(1) Adjust the valuation of the property based on the information provided in the previous appeal; or

(2) order an independent fee simple appraisal of the property to be performed by a Kansas certified real property appraiser. ~~As used in this section, "new construction" means the construction of any new structure or improvements or the remodeling or renovation of any existing structures or improvements on real property.~~

(c) ~~When the valuation for real property has been reduced due to a final determination made pursuant to the valuation appeals process for the prior year, and the county appraiser has already certified the appraisal rolls for the current year to the county clerk pursuant to K.S.A. 79-1466, and amendments thereto, the county appraiser may amend the appraisal rolls and certify the changes to the county clerk to implement the provisions of this subsection and reduce the valuation of the real property to the prior year's final determination, except that such changes shall not be made after October 31 of the current year. For the purposes of this section and in the case of real property, the term "taxpayer" shall be deemed to be the person in ownership of the property as indicated on the records of the office of register of deeds or county clerk and, in the case where the real property or improvement thereon is the subject of a lease agreement, such term shall also be deemed to include the lessee of such property if the lease agreement has been recorded or filed in the office of the register of deeds. Such notice~~

(d) (1) The notice provided under subsection (a) shall specify:

(A) Separately both for the previous and current tax year and the current tax year, the appraised and assessed values for each property class identified on the parcel. Such notice shall also contain:

(B) the uniform parcel identification number prescribed by the director of property

valuation. ~~Such notice shall also contain ; and~~

~~(C)~~ a statement of the taxpayer's right to appeal, the procedure to be followed in making such appeal and the availability without charge of the guide devised pursuant to subsection ~~(b)~~ (g).

(2) Such notice may, and if the board of county commissioners so require, shall provide the parcel identification number, address and the sale date and amount of any or all sales utilized in the determination of appraised value of residential real property.

(e) In any year in which no change in appraised valuation of any real property from its appraised valuation in the next preceding year is determined, an alternative form of notification which has been approved by the director of property valuation may be utilized by a county.

(f) Failure to timely mail or receive such notice shall in no way invalidate the classification or appraised valuation as changed. The secretary of revenue shall adopt rules and regulations necessary to implement the provisions of this section.

~~(b)~~ (g) For all taxable years commencing after December 31, 1999, There shall be provided to each taxpayer, upon request, a guide to the property tax appeals process. The director of the division of property valuation shall devise and publish such guide; and shall provide sufficient copies thereof to all county appraisers. Such guide shall include, but not be limited to:

(1) A restatement of the law which pertains to the process and practice of property appraisal methodology, including the contents of K.S.A. 79-503a and 79-1460, and amendments thereto;

(2) the procedures of the appeals process, including the order and burden of proof of each party and time frames required by law; and

(3) such other information deemed necessary to educate and enable a taxpayer to properly and competently pursue an appraisal appeal.

(h) As used in this section:

(1) "New construction" means the construction of any new structure or improvements or the remodeling or renovation of any existing structures or improvements on real property.

(2) "Normal repair, replacement or maintenance" does not include new construction.

(3) "Taxpayer" means the person in ownership of the property as indicated on the records of the office of register of deeds or county clerk and includes the lessee of such property if the lease agreement has been recorded or filed in the office of the register of deeds and the real property or improvement thereon is subject of a lease agreement."

On page 5, in line 11, after "79-2017" by inserting "and K.S.A. 2022 Supp. 79-1460"; And by renumbering sections accordingly;

On page 1, in the title, in line 3, after "treasurer" by inserting "and county appraiser"; in line 4, after "79-2017" by inserting "and K.S.A. 2022 Supp. 79-1460"; and the bill be passed as amended.

Committee on **Taxation** recommends **HB 2416** be amended on page 38, in line 19, by striking the second "and"; in line 32, after the semicolon by inserting "and"; in line 33, by striking all after "(2)"; by striking all in line 34; in line 35, by striking "(3) and";

On page 39, in line 31, after "thereto" by inserting "; and

(qqqq) all sales of tangible personal property or services purchased by Kansas suicide prevention HQ, inc., an organization that is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for the purpose of bringing suicide prevention training and awareness to communities across the state";

On page 1, in the title, in line 2, after "aging" by inserting "and purchases made by Kansas suicide prevention HQ, inc."; and the bill be passed as amended.

Committee on **Welfare Reform** recommends **HB 2140** be amended by adoption of the amendments recommended by House Committee on Welfare Reform as reported in the Journal of the House on February 20, 2023, and the bill, as printed As Amended by House Committee, be passed as amended.

COMMITTEE ASSIGNMENT CHANGES

Speaker Hawkins announced the appointment of Rep. Hoffman to replace Rep. Estes on Committee on K-12 Education Budget for March 13, 2023.

Also, the appointment of Rep. Mason to replace Rep. Poetter Parshall on Committee on Taxation for March 13-15, 2023.

REPORT ON ENGROSSED BILLS

HB 2026, HB 2106 reported correctly engrossed March 10, 2023.

On motion of Rep. Croft, the House adjourned until 11:00 a.m., Tuesday, March 14, 2023.

JENNY HAUGH, JULIA WERNER, *Journal Clerks.*

SUSAN W. KANNARR, *Chief Clerk.*

