

Journal of the House

SEVENTY-THIRD DAY

HALL OF THE HOUSE OF REPRESENTATIVES,
TOPEKA, KS, Monday, May 22, 2017, 10:00 a.m.

The House met pursuant to adjournment with Speaker Ryckman in the chair.

The roll was called with 116 members present.

Reps. Huebert, Sawyer and Stogsdill were excused on verified illness.

Reps. Ellis, Frownfelter, Good, Helgerson, Landwehr and Schwab were excused on excused absence by the Speaker.

Present later: Reps. Ellis, Frownfelter, Helgerson, Landwehr, Sawyer and Schwab.

Prayer by Chaplain Brubaker:

Almighty God, Creator, Lord,
thank You for this new week—
and the opportunity to start afresh with renewed energy.
As our leaders continue to work out the tough decisions to be made,
help them to not see difficulty in the opportunity,
but to see an opportunity in the difficulty.
Help them to understand that the impossible problem
is solved when they see that the problem
is only a tough decision waiting to be made.
And even though they may have different positions
of thought on the issues,
help them to never make it personal and to always be
accepting, understanding and compassionate of each other.
In Christ's Name I pray, Amen.

The Pledge of Allegiance was led by Rep. Carlin.

FINAL ACTION ON BILLS AND CONCURRENT RESOLUTIONS

SB 201, AN ACT concerning consumer protection; relating to the Kansas consumer protection act, definition of protected consumer; relating to the Kansas no-call act, restricting use of automatic dialing-announcing devices; amending K.S.A. 2016 Supp. 50-670 and 50-676 and repealing the existing sections, was considered on final action.

On roll call, the vote was: Yeas 116; Nays 0; Present but not voting: 0; Absent or not voting: 9.

Yeas: Alcalá, Alford, Arnberger, Aurand, Awerkamp, Baker, Ballard, Barker, Becker, Bishop, Blex, Brim, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, Cox, Crum, S., Curtis, E. Davis, Deere, DeGraaf,

Delperdang, Dierks, Dietrich, Dove, Elliott, Eplee, Esau, Finch, Finney, Francis, Gallagher, Garber, Gartner, Hawkins, Henderson, Hibbard, Highberger, Highland, Hineman, Hodge, Hoffman, Holscher, Houser, Humphries, Jacobs, Jennings, Johnson, K. Jones, Judd-Jenkins, Karleskint, Kelly, Kessinger, Koesten, Kuether, Lakin, Lewis, Lusk, Lusker, Markley, Mason, Mastroni, Miller, Murnan, Neighbor, Ohaebosim, Orr, Osterman, Ousley, Parker, F. Patton, Phelps, Phillips, Pittman, R. Powell, Proehl, Raffie, Rahjes, Ralph, Resman, Rooker, Ruiz, Ryckman, Schreiber, Schroeder, Seiwert, Sloan, Smith, A., Smith, E., Sutton, S. Swanson, Tarwater, Terrell, Thimesch, Thompson, Trimmer, Vickrey, Victors, Ward, Waymaster, Weber, C., Weigel, Wheeler, Whipple, Whitmer, K. Williams, Wilson, Winn, Wolfe Moore.

Nays: None.

Present but not voting: None.

Absent or not voting: Ellis, Frownfelter, Good, Helgerson, Huebert, Landwehr, Sawyer, Schwab, Stogsdill.

The bill passed, as amended.

INTRODUCTION OF ORIGINAL MOTIONS

On motion of Rep. Hineman, pursuant to subsection (k) of Joint Rule 4 of the Joint Rules of the Senate and House of Representatives, the rules were suspended for the purpose of considering **HB 2128, H Sub for SB 21**.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2128** 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 of the Whole amendments, as follows:

On page 1, by striking all in lines 7 through 36;

By striking all on page 2;

On page 3, by striking all in lines 1 through 18; following line 18, by inserting:

"Section 1. K.S.A. 2016 Supp. 59-29a08 is hereby amended to read as follows: 59-29a08. (a) Each person committed under the Kansas sexually violent predator act shall have a current examination of the person's mental condition made once every year. The secretary shall provide the ~~committed~~ person with an annual written notice of the person's right to petition the court for release over the secretary's objection. The notice shall contain a waiver of rights. The secretary shall also forward the annual report, as well as the annual notice and waiver form, to the court that committed the person under the Kansas sexually violent predator act. The court shall file the notice and the report upon receipt.

(b) The person must file a request for an annual review hearing within 45 days after the date the court files the annual written notice. Failure to request a hearing within 45 days pursuant to this subsection waives the person's right to a hearing until the next annual report is filed by the court. A contested annual review hearing for transitional release shall consist of consideration about whether the person is entitled to transitional release. Only a person in transitional release shall be permitted to petition for conditional release. Only a person in conditional release shall be permitted to petition

for final discharge.

~~(c) The person may retain, or if the person is indigent and so requests the court may appoint a qualified professional person to examine such person, an examiner pursuant to K.S.A. 60-235, and amendments thereto, and such expert or professional person the examiner shall have access to all available records concerning the person. The court that committed the person under the Kansas sexually violent predator act shall then conduct an annual review of the status of the committed person's mental condition. If the person is indigent and makes a request for an examiner, the court shall determine whether the services are necessary and shall determine the reasonable compensation for such services. The court, before appointing an examiner, shall consider factors including the person's compliance with institutional requirements and the person's participation in treatment to determine whether the person's progress justifies the costs of an examination. The appointment of an examiner is discretionary.~~

~~(d) At the annual review hearing, the burden of proof shall be upon the person to show probable cause to believe the person's mental abnormality or personality disorder has significantly changed so that the person is safe to be placed in transitional release. The report, or a copy thereof, of the findings of a qualified expert shall be admissible into evidence in the annual review hearing in the same manner and with the same force and effect as if the qualified expert had testified in person. If the person does not participate in the prescribed treatment plan, the person is presumed to be unable to show probable cause to believe the person is safe to be released.~~

~~(e) The committed person shall have a right to have an attorney represent the person at the annual review hearing to determine probable cause, but the person is not entitled to be present at the hearing.~~

~~(b) Nothing contained in the Kansas sexually violent predator act shall prohibit the person in conditional release from otherwise petitioning the court for discharge at the annual review hearing.~~

~~(f) If the person does not file a petition requesting a hearing pursuant to subsection (b), the court that committed the person under the Kansas sexually violent predator act shall then conduct an in camera annual review of the status of the person's mental condition and determine whether the person's mental abnormality or personality disorder has significantly changed so that an annual review hearing is warranted. The court shall enter an order reflecting its determination.~~

~~(g) If the court at the annual review hearing determines that probable cause exists to believe that the person's mental abnormality or personality disorder has significantly changed so that the person is safe to be placed in transitional release, then the court shall set a hearing for transitional release on the issue. The committed person shall be entitled to be present and entitled to the benefit of all constitutional protections that were afforded the person pursuant to K.S.A. 59-29a06, and amendments thereto assistance of counsel. The attorney general shall represent the state and shall have a right to have the committed person evaluated by experts chosen by the state. The committed person shall also have the right to have experts evaluate the person on the person's behalf and the court shall appoint an expert if the person is indigent and requests an appointment. The burden of proof at the hearing for transitional release shall be upon the state to prove beyond a reasonable doubt that the committed person's mental abnormality or personality disorder remains such that the person is not safe to be placed in transitional release and if transitionally released is likely to engage in repeat~~

acts of sexual violence.

~~(d)~~(h) If, after the hearing for transitional release, the court is convinced beyond a reasonable doubt that the person is not appropriate for transitional release, the court shall order that the person remain in secure commitment. Otherwise, the court shall order that the person be placed in transitional release.

~~(e)~~(i) If the court determines that the person should be placed in transitional release, the secretary shall transfer the person to the transitional release program. The secretary may contract for services to be provided in the transitional release program. During any period the person is in transitional release, that person shall comply with any rules or regulations the secretary may establish for this program and every directive of the treatment staff of the transitional release program.

~~(f)~~(j) At any time during which the person is in the transitional release program and the treatment staff determines that the person has violated any rule, regulation or directive associated with the transitional release program, the treatment staff may remove the person from the transitional release program and return the person to the secure commitment facility, or may request the district court to issue an emergency ex parte order directing any law enforcement officer to take the person into custody and return the person to the secure commitment facility. Any such request may be made verbally or by telephone, but shall be followed in written, facsimile or electronic form delivered to the court by not later than 5:00 p.m. of the first day the district court is open for the transaction of business after the verbal or telephonic request was made.

~~(g)~~(k) Upon the person being returned to the secure commitment facility from the transitional release program, notice thereof shall be given by the secretary to the court. The court shall set the matter for a hearing within two working days of receipt of notice of the person's having been returned to the secure commitment facility and cause notice thereof to be given to the attorney general, the person and the secretary. The attorney general shall have the burden of proof to show probable cause that the person violated conditions of transitional release. The hearing shall be to the court. At the conclusion of the hearing the court shall issue an order returning the person to the secure commitment facility or to the transitional release program, and may order such other further conditions with which the person must comply if the person is returned to the transitional release program.

(l) For the purposes of this section, if the person is indigent and without counsel, the court shall appoint counsel to assist such person.

Sec. 2. K.S.A. 2016 Supp. 59-29a10 is hereby amended to read as follows: 59-29a10. (a) (1) If the secretary determines that the person's mental abnormality or personality disorder has ~~so~~ significantly changed so that the person is not likely to engage in repeat acts of sexual violence if placed in transitional release, the secretary shall authorize the person to petition the court for transitional release. The petition shall be served upon the court and the attorney general. The court, upon service of the petition for transitional release, shall issue notice of a hearing to be scheduled within 30 days. The attorney general shall represent the state, and shall have the right to have the petitioner examined by an expert or professional person of ~~such attorney's~~ the attorney general's choice. The burden of proof shall be upon the attorney general to show beyond a reasonable doubt that the petitioner's mental abnormality or personality disorder remains such that the petitioner is not safe to be at large and that if placed in transitional release is likely to engage in repeat acts of sexual violence.

~~(b)(2)~~ If, after the hearing, the court is convinced beyond a reasonable doubt that the person is not sufficiently safe to warrant transitional release, the court shall order that the person remain in secure commitment. Otherwise, the court shall order that the person be placed in transitional release.

~~(e)(3)~~ The provisions of K.S.A. 59-29a08(e), (f) and (g) (i), (j) and (k), and amendments thereto, shall apply to a transitional release pursuant to this section.

~~(b) (1) If the secretary determines that the person's mental abnormality or personality disorder has significantly changed so that the person is not likely to engage in repeat acts of sexual violence if placed in conditional release, the secretary shall authorize the person to petition the court for conditional release. The petition shall be served upon the court and the attorney general. The court, upon service of the petition for conditional release, shall issue notice of a hearing to be scheduled within 30 days. The attorney general shall represent the state, and shall have the right to have the petitioner examined by an expert or professional person of the attorney general's choice. The burden of proof shall be upon the attorney general to show beyond a reasonable doubt that the petitioner's mental abnormality or personality disorder remains such that the petitioner is not safe to be at large and that if placed in conditional release is likely to engage in repeat acts of sexual violence.~~

~~(2) If, after the hearing, the court is convinced beyond a reasonable doubt that the person is not sufficiently safe to warrant conditional release, the court shall order that the person remain either in secure commitment or in transitional release. Otherwise, the court shall order that the person be placed in conditional release.~~

~~(3) The provisions of K.S.A. 59-29a18(h) and 59-29a19(a), (d) and (e), and amendments thereto, shall apply to a conditional release pursuant to this section.~~

Sec. 3. K.S.A. 2016 Supp. 59-29a18 is hereby amended to read as follows: 59-29a18. (a) During any period the person is in transitional release, the person committed under this act at least annually, and at any other time deemed appropriate by the treatment staff, shall be examined by the treatment staff to determine if the person's mental abnormality or personality disorder has ~~so~~ significantly changed so as to warrant such person being considered for conditional release. ~~The treatment staff shall forward a report of its examination to the court. The court shall review the same. If the court determines that probable cause exists to believe that the person's mental abnormality or personality disorder has so changed that the person is safe to be placed in conditional release, the court shall then set a hearing on the issue. The attorney general shall have the burden of proof to show beyond a reasonable doubt that the person's mental abnormality or personality disorder remains such that the person is not safe to be at large and that if placed on conditional release is likely to engage in repeat acts of sexual violence. The person shall have the same rights as enumerated in K.S.A. 59-29a06, and amendments thereto. Subsequent to either a court review or a hearing, the court shall issue an appropriate order with findings of fact. The order of the court shall be provided to the attorney general, the person and the secretary. The secretary shall provide the person with a written notice of the person's right to petition the court for release over the secretary's objection. The notice shall contain a waiver of rights. The secretary shall also forward the report, as well as the notice and waiver form, to the court that committed the person under the Kansas sexually violent predator act. The court shall file the notice and the report upon receipt.~~

(b) The person must file a request for an annual review hearing within 45 days after

the date the court files the annual written notice pursuant to subsection (a). Failure to request a hearing within 45 days pursuant to this subsection shall waive the person's right to a hearing until the next annual report is filed by the court. A contested annual review hearing for conditional release shall consist of consideration about whether the person is entitled to conditional release from transitional release. Only a person in transitional release shall be permitted to petition for conditional release. No person in transitional release shall be permitted to petition for final discharge.

(c) The person may retain, or if the person is indigent and so requests, the court may appoint, an examiner pursuant to K.S.A. 60-235, and amendments thereto, and the examiner shall have access to all available records concerning the person. If the person is indigent and makes a request for an examiner, the court shall determine whether the services are necessary and shall determine the reasonable compensation for such services. The court, before appointing an examiner, shall consider factors including the person's compliance with institutional requirements and the person's participation in treatment to determine whether the person's progress justifies the costs of an examination. The appointment of an examiner is discretionary.

(d) At the annual review hearing, the burden of proof shall be upon the person to show probable cause to believe the person's mental abnormality or personality disorder has significantly changed so that the person is safe to be placed in conditional release. The report, or a copy thereof, of the findings of a qualified expert shall be admissible into evidence in the annual review hearing in the same manner and with the same force and effect as if the qualified expert had testified in person. If the person does not participate in the prescribed treatment plan, the person is presumed to be unable to show probable cause to believe the person is safe to be released.

(e) The person shall have a right to have an attorney represent the person at the annual review hearing to determine probable cause, but the person is not entitled to be present at the hearing.

(f) If the person does not file a petition requesting a hearing pursuant to subsection (b), the court that committed the person under the Kansas sexually violent predator act shall then conduct an in camera annual review of the status of the person's mental condition and determine whether the person's mental abnormality or personality disorder has significantly changed so that an annual review hearing is warranted. The court shall enter an order reflecting its determination.

(g) If the court at the annual review hearing determines that probable cause exists to believe that the person's mental abnormality or personality disorder has significantly changed so that the person is safe to be placed in conditional release, then the court shall set a hearing for conditional release on the issue. The person shall be entitled to be present and entitled to the assistance of counsel. The attorney general shall represent the state and shall have a right to have the person evaluated by experts chosen by the state. The person shall also have the right to have experts evaluate the person on the person's behalf and the court shall appoint an expert if the person is indigent and requests an appointment. The burden of proof at the hearing for conditional release shall be upon the state to prove beyond a reasonable doubt that the person's mental abnormality or personality disorder remains such that the person is not safe to be placed in conditional release and if conditionally released is likely to engage in repeat acts of sexual violence.

(h) If, after the hearing for conditional release, the court is convinced beyond a reasonable doubt that the person is not appropriate for conditional release, the court

shall order that the person remain either in secure commitment or in transitional release. Otherwise, the court shall order that the person be placed on conditional release.

(i) Subsequent to either a court review or a hearing, the court shall issue an appropriate order with findings of fact. The order of the court shall be provided to the attorney general, the person and the secretary.

(j) For the purposes of this section, if the person is indigent and without counsel, the court shall appoint counsel to assist such person.";

Also on page 3, in line 19, by striking "75-4319 is" and inserting "59-29a08, 59-29a10 and 59-29a18 are";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after "Kansas"; in line 2, by striking all before the second semicolon and inserting "sexually violent predator act; relating to examinations; transitional release; conditional release"; in line 3, by striking "75-4319" and inserting "59-29a08, 59-29a10 and 59-29a18"; in line 4, by striking "section" and inserting "sections";

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

RICHARD E. WILBORN
MOLLY BAUMGARDNER
DAVID HALEY

Conferees on part of Senate

BLAINE FINCH
FRED PATTON
JOHN CARMICHAEL

Conferees on

part of House

On motion of Rep. Finch, the conference committee report on **HB 2128** was adopted.

On roll call, the vote was: Yeas 116; Nays 0; Present but not voting: 0; Absent or not voting: 9.

Yeas: Alcala, Alford, Arnberger, Aurand, Awerkamp, Baker, Ballard, Barker, Becker, Bishop, Blex, Brim, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, Cox, Crum, S., Curtis, E. Davis, Deere, DeGraaf, Delperdang, Dierks, Dietrich, Dove, Elliott, Eplee, Esau, Finch, Finney, Francis, Gallagher, Garber, Gartner, Hawkins, Henderson, Hibbard, Highberger, Highland, Hineman, Hodge, Hoffman, Holscher, Houser, Humphries, Jacobs, Jennings, Johnson, K. Jones, Judd-Jenkins, Karleskint, Kelly, Kessinger, Koesten, Kuether, Lakin, Lewis, Lusk, Lusker, Markley, Mason, Mastroni, Miller, Murnan, Neighbor, Ohaebosim, Orr, Osterman, Ousley, Parker, F. Patton, Phelps, Phillips, Pittman, R. Powell, Proehl, Rafie, Rahjes, Ralph, Resman, Rooker, Ruiz, Ryckman, Schreiber, Schroeder, Seiwert, Sloan, Smith, A., Smith, E., Sutton, S. Swanson, Tarwater, Terrell, Thimesch, Thompson, Trimmer, Vickrey, Victors, Ward, Waymaster, Weber, C., Weigel, Wheeler, Whipple, Whitmer, K. Williams, Wilson, Winn, Wolfe Moore.

Nays: None.

Present but not voting: None.

Absent or not voting: Ellis, Frownfelter, Good, Helgerson, Huebert, Landwehr, Sawyer, Schwab, Stogsdill.

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 21** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed as House Substitute for Senate Bill No. 21, as follows:

On page 1, by striking all in lines 7 through 36;

By striking all on pages 2 through 7;

On page 8, by striking all in lines 1 through 25; following line 25, by inserting:

"Section 1. K.S.A. 2016 Supp. 74-4914, as amended by section 4 of 2017 Senate Bill No. 205, is hereby amended to read as follows: 74-4914. (1) The normal retirement date for a member of the system shall be the first day of the month coinciding with or following termination of employment with any participating employer not followed by employment with any participating employer within 60 days, or 180 days as provided in subsection (10), and without any prearranged agreement for employment with any participating employer, and the attainment of age 65 or, commencing July 1, 1993, age 62 with the completion of 10 years of credited service or the first day of the month coinciding with or following the date that the total of the number of years of credited service and the number of years of attained age of the member is equal to or more than 85. In no event shall a normal retirement date for a member be before six months after the entry date of the participating employer by whom such member is employed. A member may retire on the normal retirement date or on the first day of any month thereafter upon the filing with the office of the retirement system of an application in such form and manner as the board shall prescribe. Such application shall contain a certification by the member that the member will not be employed with any participating employer within 60 days, or 180 days as provided in subsection (10), of retirement and the member has not entered into a prearranged agreement for employment with any participating employer. Nothing herein shall prevent any person, member or retirant from being employed, appointed or elected as an employee, appointee, officer or member of the legislature. Elected officers may retire from the system on any date on or after the attainment of the normal retirement date, but no retirement benefits payable under this act shall be paid until the member has terminated such member's office.

(2) No retirant shall make contributions to the system or receive service credit for any service after the date of retirement.

(3) Any member who is an employee of an affiliating employer pursuant to K.S.A. 74-4954b, and amendments thereto, and has not withdrawn such member's accumulated contributions from the Kansas police and firemen's retirement system may retire before such member's normal retirement date on the first day of any month coinciding with or following the attainment of age 55.

(4) Any member may retire before such member's normal retirement date on the first day of any month coinciding with or following termination of employment with any participating employer not followed by employment with any participating employer within 60 days, or 180 days as provided in subsection (10), and the attainment of age 55 with the completion of 10 years of credited service, but in no event before six months after the entry date, upon the filing with the office of the retirement system of

an application for retirement in such form and manner as the board shall prescribe. The member's application for retirement shall contain a certification by the member that the member will not be employed with any participating employer within 60 days, or 180 days as provided in subsection (10), of retirement and the member has not entered into a prearranged agreement for employment with any participating employer.

(5) Except as provided in ~~subsection~~ subsections (7) and (10), on or after July 1, 2006, through December 31, 2017, for any retirant who is first employed or appointed in or to any position or office by a participating employer other than a participating employer for which such retirant was employed or appointed during the final two years of such retirant's participation, and, on or after April 1, 2009, for any retirant who is employed by a third-party entity who contracts services with a participating employer other than a participating employer for which such retirant was employed or appointed during the final two years of such retirant's participation to fill a position covered under K.S.A. 72-5410(a), and amendments thereto, with such retirant, such participating employer shall pay to the system the actuarially determined employer contribution and the statutorily prescribed employee contribution based on the retirant's compensation during any such period of employment or appointment. If a retirant is employed or appointed in or to any position or office for which compensation for service is paid in an amount equal to ~~\$20,000 or more in any one such calendar year~~, or \$25,000 or more in any one calendar year between July 1, 2016, and July 1, 2020 January 1, 2018, by any participating employer for which such retirant was employed or appointed during the final two years of such retirant's participation, and, on or after April 1, 2009, by any third-party entity who contracts services to fill a position covered under K.S.A. 72-5410(a), and amendments thereto, with such retirant with a participating employer for which such retirant was employed or appointed during the final two years of such retirant's participation, such retirant shall not receive any retirement benefit for any month for which such retirant serves in such position or office. The participating employer who employs such retirant whether by contract directly with the retirant or through an arrangement with a third-party entity shall report to the system within 30 days of when the compensation paid to the retirant is equal to or exceeds any limitation provided by this section. Any participating employer who contracts services with any such third-party entity to fill a position covered under K.S.A. 72-5410(a), and amendments thereto, shall include in such contract a provision or condition which requires the third-party entity to provide the participating employer with the necessary compensation paid information related to any such position filled by the third-party entity with a retirant to enable the participating employer to comply with provisions of this subsection relating to the payment of contributions and reporting requirements. The provisions and requirements provided for in amendments made in this act which relate to positions filled with a retirant or employment of a retirant by a third-party entity shall not apply to any contract for services entered into prior to April 1, 2009, between a participating employer and third-party entity as described in this subsection. Any retirant employed by a participating employer or a third-party entity as provided in this subsection shall not make contributions nor receive additional credit under such system for such service except as provided by this section. Upon request of the executive director of the system, the secretary of revenue shall provide such information as may be needed by the executive director to carry out the provisions of this act. The provisions of this subsection shall not apply to retirants employed as substitute teachers

~~without a contract or officers, employees or appointees of the legislature. The provisions of this subsection shall not apply to members of the legislature prior to January 8, 2000. The provisions of this subsection shall not apply to any other elected officials prior to the term of office of such elected official which commences on or after July 1, 2000. The provisions of this subsection shall apply to any other elected official, except an elected city or county officer as further provided in this subsection, on and after the term of office of such other elected official which commences on or after July 1, 2000. Notwithstanding any provisions of law to the contrary, when an elected city or county officer is retired under the provisions of subsection (1) or (4) of this section and is paid an amount of compensation of \$25,000 or more in any one calendar year between July 1, 2016, and July 1, 2020, such officer may receive such officer's salary, and still be entitled to receive such officer's retirement benefit pursuant to the provisions of K.S.A. 74-4915 et seq., and amendments thereto. Except as otherwise provided, commencing January 8, 2001, the provisions of this subsection shall apply to members of the legislature. For determination of the amount of compensation paid pursuant to this subsection, for members of the legislature, compensation shall include any amount paid as provided pursuant to K.S.A. 46-137a(a), (b), (c) and (d), and amendments thereto, or pursuant to K.S.A. 46-137b, and amendments thereto. Notwithstanding any provision of law to the contrary, when a member of the legislature is paid an amount of compensation of \$20,000 or more in any one calendar year, the member may continue to receive any amount provided in K.S.A. 46-137a(b) and (d), and amendments thereto, and still be entitled to receive such member's retirement benefit. Commencing July 1, 2005, the provisions of this subsection shall not apply to retirants who either retired under the provisions of subsection (1), or, if they retired under the provisions of subsection (4), were retired more than 30 days prior to the effective date of this act and are licensed professional nurses or licensed practical nurses employed by the state of Kansas in an institution as defined in K.S.A. 76-12a01(b) or K.S.A. 38-2302(k), and amendments thereto, the Kansas soldiers' home or the Kansas veterans' home. Nothing in this subsection shall be construed to create any right, or to authorize the creation of any right, which is not subject to amendment or nullification by act of the legislature. The participating employer of such retirant shall pay to the system the actuarially determined employer contribution based on the retirant's compensation during any such period of employment. The provisions of the subsection shall expire on January 1, 2018.~~

(6) For purposes of this section, any employee of a local governmental unit which has its own pension plan who becomes an employee of a participating employer as a result of a merger or consolidation of services provided by local governmental units, which occurred on January 1, 1994, may count service with such local governmental unit in determining whether such employee has met the years of credited service requirements contained in this section.

(7) (a) (i) Except as provided in K.S.A. 74-4937(3), (4), or (5), and amendments thereto, and the provisions of this subsection, commencing July 1, 2016, and ending ~~July 1, 2020~~ January 1, 2018, any retirant who is employed or appointed in or to any position by a participating employer, an independent contractor or a third-party entity who contracts services with a participating employer to fill a position, without any prearranged agreement with such participating employer and not prior to 60 days after such retirant's retirement date, shall not receive any retirement benefit for any month in

any calendar year in which the retirant receives compensation in an amount equal to \$25,000 or more, pursuant to this subsection. ~~The provisions of this subsection shall apply to members of the legislature.~~ Any participating employer who hires a retirant covered by this subsection shall pay to the system the statutorily prescribed employer contribution rate for such retirant, without regard to whether the retirant is receiving benefits.

(ii) Commencing January 1, 2018, for all retirements that occurred prior to such date, any retirant who is employed or appointed in or to any position by a participating employer, an independent contractor or a third-party entity who contracts services with a participating employer to fill a position, without any prearranged agreement with such participating employer and not prior to 60 days after such retirant's retirement date, shall not be subject to an earnings limitation that when met or exceeded requires that the retirant not receive a retirement benefit for any month for which such retirant serves in such position. If a retirant is employed in a covered position, as defined in K.S.A. 2016 Supp. 74-49,202, and amendments thereto, the participating employer of such retirant shall pay to the system the statutorily prescribed employer contribution rate on the first \$25,000 of such retirant's compensation in a calendar year and a 30% employer contribution on any compensation in excess of \$25,000 in a calendar year during any such period of employment. If a retirant is employed by more than one participating employer or performing duties in more than one position, contributions shall be made on compensation from all such employment for that calendar year. If a retirant is employed in a non-covered position, no employer contribution shall be paid to the system.

(b) The provisions of this subsection shall not apply, except as specifically provided in this subsection, to retirants who are:

(i) Licensed professional nurses or licensed practical nurses employed by the state of Kansas in an institution as defined in K.S.A. 76-12a01(b) or 38-2302(k), and amendments thereto, the Kansas soldiers' home or the Kansas veterans' home. The participating employer of such retirant shall pay to the system the actuarially determined employer contribution based on the retirant's compensation and the statutorily prescribed employee contribution during any such period of employment;

(ii) employed by a school district in a position as provided in K.S.A. 74-4937(3), (4) or (5), and amendments thereto. ~~Any retirant employed by a school district in a position under K.S.A. 74-4937(3), (4) or (5), and amendments thereto, shall be subject to the provisions of subsection (7)(h) which relate to a limitation on the total term of employment with any participating employer in which a retirant may receive such retirant's full retirement benefit;~~

(iii) certified law enforcement officers employed by the law enforcement training center. Such law enforcement officers shall receive their benefits notwithstanding this subsection. The law enforcement training center shall pay to the system the actuarially determined employer contribution and the statutorily prescribed employee contribution based on the retirant's compensation during any such period of employment;

(iv) members of the Kansas police and firemen's retirement system pursuant to K.S.A. 74-4951 et seq., and amendments thereto, members of the retirement system for judges pursuant to K.S.A. 20-2601 et seq., and amendments thereto, or members of the state board of regents retirement plan pursuant to K.S.A. 74-4925 et seq., and amendments thereto;

(v) employed as substitute teachers without a contract or officers, employees or appointees of the legislature;

(vi) a poll worker hired to work an election day for a county election officer responsible for conducting all official elections held in the county; ~~and~~

(vii) employed by, or have accepted employment from, a participating employer prior to May 1, 2015. Any break in continuous employment by a retirant or move to a different position by a retirant during the effective period of this subsection shall be deemed new employment and shall subject the retirant to the provisions of this subsection. Commencing January 1, 2018, the participating employer of a retirant described in this subsection (7)(b)(vii) who is employed in a covered position, as defined in K.S.A. 2016 Supp. 74-49,202, and amendments thereto, shall pay to the system the statutorily prescribed employer contribution rate on the first \$25,000 of such retirant's compensation in a calendar year and a 30% employer contribution on any compensation in excess of \$25,000 in a calendar year during any such period of employment. If a retirant is employed by more than one participating employer or performing duties in more than one position, contributions shall be made on compensation from all such employment for that calendar year. If a retirant is employed in a non-covered position, no employer contribution shall be paid to the system; or

(viii) state or local elected officials. A retirant shall not be employed in an elected office within 30 days of such retirant's retirement, except that if a retirant is filling a vacant elected office, no waiting period shall be required.

(c) The participating employer shall enroll all retirants, including retirants under subsection (7)(b)(i), (ii), (iii), (vii) and (viii), and report to the system when compensation is paid to a retirant as provided in this subsection. Such report shall contain a certification by the appointing authority of the participating employer that any hired retirant has not been employed by the participating employer within 60 days of such retirant's retirement and that there was no prearranged agreement for employment between the participating employer and the hired retirant. Upon request of the executive director of the system, the participating employer shall provide such information as may be needed by the executive director to carry out the provisions of this subsection. ~~Any participating employer who hires a retirant covered by this subsection shall pay to the system the statutorily prescribed employer contribution rate for such retirant, without regard to whether the retirant is receiving benefits. No retirant shall make contributions to the system or receive credit for service while employed under the provisions of this subsection.~~

(d) A participating employer may employ a retirant without regard to the compensation limitation in this subsection for a period of one calendar year or one school year, as the case may be, if the following requirements are met:

(i) The employer certifies to the board that the position being filled has been vacated due to an unexpected emergency or the employer has been unsuccessful in filling the position;

(ii) the employer pays to the system a 30% employer contribution based on the retirant's compensation during any such period of employment. ~~On or before July 1, 2019, and at least every three years thereafter, the board, in consultation with the system's consulting actuary, shall evaluate the plan's experience with employment of such retirants and the corresponding employer contribution rate to assess whether the employer contribution rate can be expected to fund adverse experience or higher~~

liabilities accruing under the system in connection with employment of such retirants, to the extent that such liability can be ascertained or estimated. Based on this evaluation of the plan's experience, the board may certify to the division of the budget, in the case of the state, and to the agent for each other participating employer, a new rate if needed to more fully fund such adverse experience or additional liabilities, but such rate shall not be less than 30%; and

(iii) the employer maintains documentation of its efforts to fill the position with a non-retirant and provides such documentation to the joint committee on pensions, investments and benefits upon request of the committee.

The provisions of this paragraph shall expire on January 1, 2018.

(e) An employer may submit a written assurance protocol to the system to extend the exception provided for in subsection (7)(d) by one-year increments for a total extension not to exceed three years. A written assurance protocol shall be submitted to the system for each one-year increment extension. If a school district submits a written assurance protocol, such written assurance protocol shall be signed by the superintendent and the board president of such school district. If a municipality, as defined in K.S.A. 75-1117, and amendments thereto, other than a school district, submits a written assurance protocol, such written assurance protocol shall be signed by the governing body or such governing body's designee for such municipality. Such written assurance protocol shall state that the position was advertised on multiple platforms for a minimum of 30 calendar days and that at least one of the following conditions occurred:

- (i) No applications were submitted for the position;
- (ii) if applications were submitted, none of the applicants met the reference screening criteria of the employer; or
- (iii) if applications were submitted, none of the applicants possessed the appropriate licensure, certification or other necessary credentials for the position.

The provisions of this paragraph shall expire on January 1, 2018.

~~(f) On July 1, 2021, and at least every five years thereafter, the joint committee on pensions, investments and benefits shall study the issue of whether the compensation limitation prescribed in this subsection should be adjusted. The committee shall consider the effect of inflation and data on member retirement benefits and active employee compensation. Retirants who are independent contractors or employees of third-party entities who contract with a participating employer, shall not be subject to the compensation limitation or employer contribution requirements in this subsection or the requirements of subsection (7)(c) regarding enrollment and reporting to the system, so long as all of the following apply:~~

~~(A) The contractual relationship was not created to allow the retirant to continue employment with the participating employer after retirement in a position similar to the one such retirant held prior to retirement;~~

~~(B) the activities performed by the independent contractor or third-party entity are not normally performed exclusively by employees of that participating employer; and~~

~~(C) the retirant meets the classification of independent contractor as provided in K.S.A. 2016 Supp. 44-768, and amendments thereto, or activities performed by the third-party entity that employs the retirant are performed on a limited-term basis and the third-party entity is not a participating employer in the system.~~

(g) Nothing in this subsection shall be construed to create any right, or to authorize

the creation of any right, which is not subject to amendment or nullification by act of the legislature.

~~(h) Any retiree hired by any participating employer under the provisions of subsection (7)(d) or K.S.A. 74-4937(3), (4) or (5), and amendments thereto, may continue to receive such retiree's full retirement benefit so long as, commencing July 1, 2016, such retiree's total term of employment with all participating employers under one or more of such provisions does not exceed 48 months or four school years, whichever is less. After such period, such retiree shall not receive any retirement benefit for any month in any calendar year in which such retiree receives compensation in an amount equal to \$25,000 or more in such calendar year.~~

(8) If determined by the retirement system that a retiree entered into a prearranged agreement for employment with a participating employer prior to such retiree's retirement and prior to the end of the subsequent 60-day waiting period, or the 180-day waiting period under subsection (10), the monthly retirement benefit of such retiree shall be suspended during the period that begins on the month in which the retiree is re-employed and ends six months after the retiree's termination of such employment. The retiree shall repay to the retirement system all monthly retirement benefits paid to the retiree by the retirement system that the retiree received after such employment began. The participating employer which hired such retiree shall be required to pay to the system any fees, fines, penalties or any other cost imposed by the internal revenue service and indemnify the system for any cost incurred by the system to defend any action brought by the internal revenue service based on in-service distributions which are a result of any determined prearranged agreement and for any cost incurred by the system to collect any monthly retirement benefit required to be repaid by such retiree pursuant to this subsection.

(9) For the purposes of this section a prearranged agreement for employment may be determined by whether the facts and circumstances of the situation indicate that the employer and employee reasonably anticipated that further services would be performed after the employee's retirement.

(10) (a) Notwithstanding the provisions of subsection (5) or (7) to the contrary, commencing January 1, 2018, any retiree who is retired more than 60 days, if such retiree's age on the date of retirement is 62 or older, or is retired more than 180 days, if such retiree's age on the date of retirement is less than 62, and who is subsequently hired without any prearranged agreement with the participating employer in a covered position, as defined in K.S.A. 2016 Supp. 74-49,202, and amendments thereto, or an independent contractor or a third-party entity who contracts service to fill such covered position shall not be subject to an earnings limitation that when met or exceeded requires that the retiree not receive a retirement benefit for any month for which such retiree serves in such covered position. The participating employer of such retiree shall pay to the system the statutorily prescribed employer contribution rate on the first \$25,000 of such retiree's compensation in a calendar year and a 30% employer contribution on any compensation in excess of \$25,000 in a calendar year during any such period of employment. If a retiree is employed by more than one participating employer or performing duties in more than one position, contributions shall be made on compensation from all such employment for that calendar year.

(b) Notwithstanding the provisions of subsection (5) or (7) to the contrary, commencing January 1, 2018, any retiree who is retired more than 60 days, if such

retirant's age on the date of retirement is 62 or older, or is retired more than 180 days, if such retirant's age on the date of retirement is less than 62, and who is subsequently hired without any prearranged agreement with the participating employer in a non-covered position, or an independent contractor or a third-party entity who contracts service to fill such non-covered position, shall not be subject to an earnings limitation that when met or exceeded requires that the retirant not receive a retirement benefit for any month for which such retirant serves in such non-covered position. No employer contribution shall be paid to the system on compensation paid to a retirant hired in a non-covered position.

(c) The participating employer shall enroll all retirants, including retirants under subsection (7)(b)(i), (ii), (iii), (vii) and (viii), and report to the system when compensation is paid to a retirant as provided in this subsection. Such report shall contain a certification by the appointing authority of the participating employer that any hired retirant has not been employed by the participating employer within 60 days of such retirant's retirement in the case of a retirant whose age on the date of retirement is 62 or older, or within 180 days of such retirant's retirement in the case of a retirant whose age on the date of retirement is less than 62, and that there was no prearranged agreement for employment between the participating employer and the hired retirant. Upon request of the executive director of the system, the participating employer shall provide such information as may be needed by the executive director to carry out the provisions of this subsection. No retirant shall make contributions to the system or receive credit for service while employed under the provisions of this subsection.

(d) The provisions of this subsection relating to an earnings limitation and employer contributions shall not apply to any retirant described in subsection (7)(b) or to retirants who are independent contractors or employees of third-party entities who contract with a participating employer as described in subsection (7)(f), except as specifically provided in this subsection.

(e) Nothing in this subsection shall be construed to create any right, or to authorize the creation of any right that is not subject to amendment or nullification by act of the legislature.":

Also on page 8, in line 31, after "days" by inserting ", or 180 days as provided in K.S.A. 74-4914(10), and amendments thereto,";

On page 9, in line 2, after "days" by inserting ", or 180 days as provided in K.S.A. 74-4914(10), and amendments thereto,"; in line 9, after "days" by inserting ", or 180 days as provided in K.S.A. 74-4914(10), and amendments thereto,"; in line 14, after "days" by inserting ", or 180 days as provided in K.S.A. 74-4914(10), and amendments thereto,"; in line 17, by striking "Before July 1, 2020,"; also in line 17, after "(5)" by inserting ", (7) and (10)"; in line 24, by striking all after the second comma; in line 25, by striking all before "and"; in line 28, by striking all after "to"; by striking all in line 29; in line 30, by striking all before the period and inserting "January 1, 2018"; in line 34, after "employed" by inserting "as an independent contractor or"; in line 38, after the period by inserting "Commencing January 1, 2018, if a retirant is employed in a covered position, as defined in K.S.A. 2016 Supp. 74-49,202, and amendments thereto, the participating employer shall pay to the system the statutorily prescribed employer contribution rate on the first \$25,000 of such retirant's compensation in a calendar year and a 30% employer contribution on any compensation in excess of \$25,000 in a calendar year during any such period of employment. If a retirant is employed by more

than one participating employer or performing duties in more than one position, contributions shall be made on compensation from all such employment for that calendar year. If a retirant is employed in a non-covered position, no employer contribution shall be paid to the system.";

On page 10, in line 6, after "teachers" by inserting "without a contract"; in line 11, by striking "The"; by striking all in lines 12 through 15;

On page 11, in line 6, by striking all after the period; by striking all in lines 7 through 16; in line 17, by striking all before "The"; in line 19, after "teachers" by inserting "without a contract";

On page 12, in line 7, by striking all after "on"; in line 8, by striking "2017" and inserting "January 1, 2018"; by striking all in lines 9 through 20;

On page 13, in line 19, by striking all after the period; by striking all in lines 20 through 29; in line 30, by striking all before "The"; in line 31, after "teachers" by inserting "without a contract";

On page 14, in line 21, by striking all after "on"; in line 22, by striking "2017" and inserting "January 1, 2018"; by striking all in lines 23 through 34; in line 37, by striking all after "(7)"; by striking all in lines 38 through 43;

On page 15, by striking all in lines 1 through 3; in line 4, by striking "(8)"; following line 8, by inserting:

"Sec. 3. K.S.A. 2016 Supp. 74-49,204 is hereby amended to read as follows: 74-49,204. The normal retirement date for a member of the system first employed by a participating employer on or after July 1, 2009, shall be the first day of the month coinciding with or following termination of employment with any participating employer not followed by employment with any participating employer within 60 days, or 180 days as provided in K.S.A. 74-4914(10), and amendments thereto, without any prearranged agreement for employment with any participating employer, and the attainment of age 65 with the completion of five years of credited service, or age 60 with the completion of 30 years of credited service. The provisions of this section shall apply to a member of the retirement system who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto.

Sec. 4. K.S.A. 2016 Supp. 74-49,313 is hereby amended to read as follows: 74-49,313. (a) Except as provided in subsection (e), a member who has a nonforfeitable interest in the member's retirement annuity account, at any time after termination from service with any participating employer not followed by employment with any participating employer within 60 days, or 180 days as provided in K.S.A. 74-4914(10), and amendments thereto, and without any prearranged agreement for reemployment with any participating employer, and the attainment of normal retirement age, shall receive an annuity based upon the balance in such member's retirement annuity account, using mortality rates established by the board by official action as of the member's annuity start date and an interest rate equal to the actuarial assumed investment rate of return established by the board minus 2%, as of the member's annuity start date. The legislature may from time to time prospectively change the interest rate and the board may from time to time prospectively change the mortality rates, and the legislature expressly reserves such rights to do so.

(b) Except as provided in subsection (e), a member who has a vested interest in the member's retirement annuity account, who terminates covered employment with any participating employer not followed by employment with any participating employer

within 60 days, or 180 days as provided in K.S.A. 74-4914(10), and amendments thereto, and without any prearranged agreement for reemployment with any participating employer, without forfeiting such member's account, with the completion of at least 10 years of service, shall be eligible to receive, upon attainment of age 55, an annuity based upon employer credits and interest credits in such member's retirement annuity account, using mortality rates established by the board by official action as of the member's annuity start date and an interest rate established by the legislature as of the member's annuity start date, and such interest rate shall be equal to the actuarially assumed investment rate of return established by the board minus 2%, as of the member's annuity start date. The legislature may from time to time prospectively change the interest rate and the board may from time to time prospectively change the mortality rates, and the legislature expressly reserves such rights to do so.

(c) The form of benefit payable under subsections (a) and (b) shall be a single life annuity with 10-year certain. The member may elect any option described in K.S.A. 74-4918, and amendments thereto, except the partial lump-sum option, subject to actuarial factors established by the board from time to time. The benefit option selected may include a self-funded cost-of-living adjustment feature, in which the account value is converted to a benefit amount that increases by a fixed percentage over time. One or more fixed percentages shall be established by the board, which may be changed from time to time. In lieu of a part of an annuity, for a member entitled to a benefit under subsection (a), the member may elect to receive a lump-sum of such member's retirement annuity account of any fixed dollar amount or percent, but in no event may the lump-sum option elected under this section and the lump-sum option elected under K.S.A. 2016 Supp. 74-49,311(a), and amendments thereto, exceed 30% of the total value of such member's annuity savings account and retirement annuity account.

(d) Except as provided in subsection (e), in the case of an active or inactive member:

- (1) Who is vested in the member's retirement annuity account;
- (2) who has five or more years of service at death; and
- (3) who dies before attaining normal retirement age, with such member's spouse at time of death designated as such member's sole primary beneficiary, the member's surviving spouse on and after the date the member would have attained normal retirement age had such member not died, shall receive an annuity based upon employer credits and interest credits in the retirement annuity account, using factors established by the board by official action as of the beneficiary's annuity start date. The form of benefit shall be a single life annuity with 10-year certain.

(e) If a member's vested retirement annuity account is less than \$1,000 upon separation from service, or the total of the member's vested retirement annuity account and annuity savings account balance is less than \$1,000, the account balance or balances shall be mandatorily distributed to the member in accordance with section 401(a)(31)(B) of the federal internal revenue code. If the member does not elect to have such distribution paid directly to an eligible retirement plan specified by the participant in a direct rollover or to receive the distribution directly, then the board will pay the distribution to the member directly.";

Also on page 15, in line 9, by striking "74-4914f and" and inserting "as amended by section 4 of 2017 Senate Bill No. 205,"; also in line 9, after "74-4937" by inserting ", 74-49,204 and 74-49,313";

And by renumbering sections accordingly;

On page 1, in the title, in line 3, by striking the first "and" and inserting ", as amended by section 4 of 2017 Senate Bill No. 205,"; also in line 3, after "74-4937" by inserting ", 74-49,204 and 74-49,313"; in line 4, by striking "; also repealing K.S.A. 2016 Supp. 74-4914f";

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

JIM KELLY
RANDY POWELL
ED TRIMMER

Conferees on part of House

JEFF LONGBINE
RICK BILLINGER
LYNN W. ROGERS

Conferees on part of Senate

On motion of Rep. Kelly, the conference committee report on **H Sub for SB 21** was adopted.

On roll call, the vote was: Yeas 114; Nays 0; Present but not voting: 2; Absent or not voting: 9.

Yeas: Alcalá, Alford, Arnberger, Aurand, Averkamp, Baker, Ballard, Barker, Becker, Bishop, Blex, Brim, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, Claeyes, Clark, Clayton, Concannon, Corbet, Cox, Crum, S., Curtis, E. Davis, Deere, DeGraaf, Delperdang, Dierks, Dietrich, Dove, Elliott, Eplee, Esau, Finch, Finney, Francis, Gallagher, Garber, Gartner, Hawkins, Henderson, Hibbard, Highberger, Highland, Hineman, Hoffman, Holscher, Houser, Humphries, Jacobs, Jennings, Johnson, K. Jones, Judd-Jenkins, Karleskint, Kelly, Kessinger, Koesten, Kuether, Lakin, Lewis, Lusk, Lusker, Markley, Mason, Mastroni, Murnan, Neighbor, Ohaebosim, Orr, Osterman, Ousley, Parker, F. Patton, Phelps, Phillips, Pittman, R. Powell, Proehl, Rafie, Rahjes, Ralph, Resman, Rooker, Ruiz, Ryckman, Schreiber, Schroeder, Seiwert, Sloan, Smith, A., Smith, E., Sutton, S. Swanson, Tarwater, Terrell, Thimesch, Thompson, Trimmer, Vickrey, Victors, Ward, Waymaster, Weber, C., Weigel, Wheeler, Whipple, Whitmer, K. Williams, Wilson, Winn, Wolfe Moore.

Nays: None.

Present but not voting: Hodge, Miller.

Absent or not voting: Ellis, Frownfelter, Good, Helgerson, Huebert, Landwehr, Sawyer, Schwab, Stogsdill.

CHANGE OF CONFEREES

Speaker Ryckman announced the appointment of Rep. Ward to replace Rep. Sawyer as a member of the conference committee on **SB 30**.

COMMITTEE ASSIGNMENT CHANGES

Speaker Ryckman announced the appointment of Rep. Ward to replace Rep. Sawyer on Committee on Taxation on May 22, 2017.

On motion of Rep. Hineman, the House recessed until 4:00 p.m.

 AFTERNOON SESSION

The House met pursuant to recess with Speaker pro tem Schwab in the chair.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following bill was introduced and read by title:

HB 2428, AN ACT concerning sales and compensating use tax; relating to exemptions and the repeal thereof; amending K.S.A. 2016 Supp. 79-3603 and 79-3606 and repealing the existing sections, by Committee on Taxation.

On motion of Rep. Hineman, the House recessed until 7:00 p.m.

 EVENING SESSION

The House met pursuant to recess with Speaker pro tem Schwab in the chair.

CONFERENCE COMMITTEE REPORTS

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 30** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 1, by striking all in lines 7 through 36;

By striking all on pages 2 through 12;

On page 13, by striking all in lines 1 through 32; following line 32, by inserting:

"Section 1. K.S.A. 2016 Supp. 12-17,165 is hereby amended to read as follows: 12-17,165. (a) When a city or county proposes to establish a STAR bond project district, within an eligible area, the city or county shall adopt a resolution stating that the city or county is considering the establishment of a STAR bond project district. Such resolution shall:

- (1) Give notice that a public hearing will be held to consider the establishment of a STAR bond project district and fix the date, hour and place of such public hearing;
- (2) describe the proposed boundaries of the STAR bond project district;
- (3) describe the STAR bond project district plan;
- (4) state that a description and map of the proposed STAR bond project district are available for inspection at a time and place designated; and
- (5) state that the governing body will consider findings necessary for the establishment of a STAR bond project district.

Notice shall be given as prescribed in ~~subsection (f)(2)~~ of K.S.A. 2016 Supp. 12-17,166 (f)(2), and amendments thereto.

- (b) The city or county shall submit the proposed STAR bond project district to the

secretary for a determination that the district is an eligible area as defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto.

(c) Upon the conclusion of the public hearing, and a finding by the secretary that the proposed project district is an eligible area, the governing body of the municipality shall pass an ordinance or resolution.

(1) An ordinance or resolution for a STAR bond project district shall:

(A) Make findings that the STAR bond project district proposed to be developed is an historic theater, or a STAR bond project as defined in K.S.A. 2016 Supp. 12-17,162, and amendments thereto;

(B) contain a STAR bond project district plan that identifies all of the proposed STAR bond project areas and identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each STAR bond project area. The boundaries of such STAR bond project district shall not include any area not designated in the notice required by subsection (a); and

(C) contain the legal description of the STAR bond project district and may establish the STAR bond project district.

(2) If no ordinance or resolution is passed by the city or county within 30 days from the conclusion of the public hearing, then such STAR bond project district shall not be established.

(d) The governing body of a city or county may establish a STAR bond project district within that city or such city may establish a district inclusive of land outside the boundaries of the city or wholly outside the boundaries of such city upon written consent of the board of county commissioners. Prior to providing written consent, the board of county commissioners must provide notice and hold a hearing as is required of a city pursuant to subsection (a) for the establishment of a STAR bond project district.

The governing body of a county may establish a STAR bond project district within the unincorporated area of the county.

(e) One or more STAR bond projects may be undertaken by a city or county within a STAR bond project district after such STAR bond project district has been established in the manner provided by this section.

(f) No privately owned property subject to ad valorem taxes shall be acquired and redeveloped under the provisions of K.S.A. 2016 Supp. 12-17,160 et seq., and amendments thereto, if the board of county commissioners or the board of education levying taxes on such property determines by resolution adopted within 30 days following the conclusion of the hearing for the establishment of the STAR bond project district required by subsection (a) that the proposed STAR bond project district will have an adverse effect on such county or school district. The board of county commissioners or board of education shall deliver a copy of such resolution to the city or county. The city or county shall within 30 days of receipt of such resolution pass an ordinance or resolution dissolving the STAR bond project district. The provisions of this subsection shall not apply if the STAR bond project plan provides that ad valorem property tax revenues of the county or the school district levying taxes on such property will not be adversely impacted.

(g) A STAR bond project shall not include a project for a gambling casino.

(h) No new STAR bond project district may be established from the effective date of this act, through July 1, 2018, except that, for STAR bond project districts established prior to the effective date of this act, the forgoing shall not prohibit a city or county.

from utilizing all provisions of the STAR bonds financing act, including, but not limited to, K.S.A. 2016 Supp. 12-17,171, and amendments thereto.

Sec. 2. K.S.A. 2016 Supp. 12-17,179 is hereby amended to read as follows: 12-17,179. (a) A city that created a redevelopment district in an eligible area that was approved for STAR bonds prior to the effective date of this act for the city of Manhattan Discovery Center on December 28, 2006, and the Schlitterbahn project in Wyandotte county on December 23, 2005, may by ordinance elect to have the provisions of this act applicable to such redevelopment district.

(b) The provisions of this act regarding STAR bond projects shall expire on and after July 1, ~~2017~~ 2022.

Sec. 3. K.S.A. 2016 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110. (a) *Resident Individuals*. Except as otherwise provided by K.S.A. 79-3220(a), and amendments thereto, a tax is hereby imposed upon the Kansas taxable income of every resident individual, which tax shall be computed in accordance with the following tax schedules:

(1) *Married individuals filing joint returns.*

(A) For tax year 2012:

If the taxable income is:	The tax is:
Not over \$30,000.....	3.5% of Kansas taxable income
Over \$30,000 but not over \$60,000.....	\$1,050 plus 6.25% of excess over \$30,000
Over \$60,000.....	\$2,925 plus 6.45% of excess over \$60,000

(B) For tax year 2013:

If the taxable income is:	The tax is:
Not over \$30,000.....	3.0% of Kansas taxable income
Over \$30,000.....	\$900 plus 4.9% of excess over \$30,000

(C) For tax year 2014:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.7% of Kansas taxable income
Over \$30,000.....	\$810 plus 4.8% of excess over \$30,000

(D) For tax years 2015; and 2016 ~~and 2017~~:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.7% of Kansas taxable income
Over \$30,000.....	\$810 plus 4.6% of excess over \$30,000

(E) For tax year ~~2018, and all tax years thereafter~~ 2017:

If the taxable income is:	The tax is:
Not over \$30,000.....	2.6% <u>2.9%</u> of Kansas taxable income
Over \$30,000 <u>but not over \$60,000</u>	\$780 <u>\$870</u> plus 4.6% <u>4.9%</u> of excess over \$30,000
Over \$60,000.....	<u>\$2,340</u> plus 5.2% of excess over <u>\$60,000</u>

(F) For tax year 2018, and all tax years thereafter:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$30,000.....</u>	<u>3.1% of Kansas taxable income</u>
<u>Over \$30,000 but not over \$60,000.....</u>	<u>\$930 plus 5.25% of excess</u> <u>over \$30,000</u>
<u>Over \$60,000.....</u>	<u>\$2,505 plus 5.7% of excess</u> <u>over \$60,000</u>

(2) *All other individuals.*

(A) For tax year 2012:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$15,000.....</u>	<u>3.5% of Kansas taxable income</u>
<u>Over \$15,000 but not over \$30,000.....</u>	<u>\$525 plus 6.25% of excess over \$15,000</u>
<u>Over \$30,000.....</u>	<u>\$1,462.50 plus 6.45% of excess over \$30,000</u>

(B) For tax year 2013:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$15,000.....</u>	<u>3.0% of Kansas taxable income</u>
<u>Over \$15,000.....</u>	<u>\$450 plus 4.9% of excess over \$15,000</u>

(C) For tax year 2014:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$15,000.....</u>	<u>2.7% of Kansas taxable income</u>
<u>Over \$15,000.....</u>	<u>\$405 plus 4.8% of excess over \$15,000</u>

(D) For tax years 2015, and 2016 and 2017:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$15,000.....</u>	<u>2.7% of Kansas taxable income</u>
<u>Over \$15,000.....</u>	<u>\$405 plus 4.6% of excess over \$15,000</u>

(E) For tax year ~~2018, and all tax years thereafter~~ 2017:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$15,000.....</u>	<u>2.6% <u>2.9%</u> of Kansas taxable income</u>
<u>Over \$15,000 but not over \$30,000.....</u>	<u>\$390 <u>\$435</u> plus 4.6% <u>4.9%</u> of excess over \$15,000</u>
<u>Over \$30,000.....</u>	<u>\$1,170 plus 5.2% of excess over \$30,000</u>

(F) For tax year 2018, and all tax years thereafter:

<u>If the taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$15,000.....</u>	<u>3.1% of Kansas taxable income</u>
<u>Over \$15,000 but not over \$30,000.....</u>	<u>\$465 plus 5.25% of</u>

	<u>excess over \$15,000</u>
Over \$30,000.....	<u>\$1,252.50 plus</u>
	<u>5.7% of excess</u>
	<u>over \$30,000</u>

(b) *Nonresident Individuals.* A tax is hereby imposed upon the Kansas taxable income of every nonresident individual, which tax shall be an amount equal to the tax computed under subsection (a) as if the nonresident were a resident multiplied by the ratio of modified Kansas source income to Kansas adjusted gross income.

(c) *Corporations.* A tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(1) The normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and

(2) (A) for tax year 2008, the surtax shall be in an amount equal to 3.1% of the Kansas taxable income of such corporation in excess of \$50,000;

(B) for tax years 2009 and 2010, the surtax shall be in an amount equal to 3.05% of the Kansas taxable income of such corporation in excess of \$50,000; and

(C) for tax year 2011, and all tax years thereafter, the surtax shall be in an amount equal to 3% of the Kansas taxable income of such corporation in excess of \$50,000.

(d) *Fiduciaries.* A tax is hereby imposed upon the Kansas taxable income of estates and trusts at the rates provided in subsection (a)(2) hereof.

~~(e) Tax rates provided in this section shall be adjusted pursuant to the provisions of K.S.A. 2016 Supp. 79-32,269, and amendments thereto.~~

~~(f) Notwithstanding the provisions of subsections (a) and (b); (1) For tax-year years 2016, and all tax years thereafter and 2017, married individuals filing joint returns with taxable income of \$12,500 or less, and all other individuals with taxable income of \$5,000 or less, shall have a tax liability of zero; and (2) for tax year 2018, and all tax years thereafter, married individuals filing joint returns with taxable income of \$5,000 or less, and all other individuals with taxable income of \$2,500 or less, shall have a tax liability of zero.~~

~~(f) Any taxpayer whose withholding or estimated tax payments were based upon the rates as provided in subsection (a) as it appears on June 30, 2017, shall not be assessed penalties and interest arising from the underpayment of taxes due to changes to the rates in subsection (a) that became law on July 1, 2017, so long as such underpayment is rectified on or before April 17, 2018.~~

Sec. 4. K.S.A. 2016 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, except that the federal net operating loss deduction shall not be added to an individual's federal adjusted gross income for tax years beginning after December 31, 2016.

(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 thereto.

(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. 2016 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. 2016 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 K.S.A. 79-32,117(c)(xv), 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. 2016 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. 2016 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 subsection (c)(xiii), 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. 2016 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. 2016 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. 2016 Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-32,251 through 79-32,254, 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. 2016 Supp. 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

(xvii) 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. 2016 Supp. 79-32,256, and amendments thereto.

(xviii) For taxable years commencing after December 31, 2006, the amount of any ad valorem or property taxes and assessments paid to a state other than Kansas or local government located in a state other than Kansas by a taxpayer who resides in a state other than Kansas, when the law of such state does not allow a resident of Kansas who earns income in such other state to claim a deduction for ad valorem or property taxes or assessments paid to a political subdivision of the state of Kansas in determining taxable income for income tax purposes in such other state, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xix) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any: (1) Loss from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) loss from rental real estate, royalties, partnerships, S corporations, except those with wholly owned subsidiaries subject to the Kansas privilege tax, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal

internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) farm loss as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent deducted or subtracted in determining the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011, and as revised thereafter by the internal revenue service.

(xx) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for self-employment taxes under section 164(f) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer, to the extent the deduction is attributable to income reported on schedule C, E or F and on line 12, 17 or 18 of the taxpayer's form 1040 federal income tax return.

(xxi) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for pension, profit sharing, and annuity plans of self-employed individuals under section 62(a)(6) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxii) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for health insurance under section 162(l) of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiii) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any deduction for domestic production activities under section 199 of the federal internal revenue code as in effect on January 1, 2012, and amendments thereto, in determining the federal adjusted gross income of an individual taxpayer.

(xxiv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid for medical care of the taxpayer or the taxpayer's spouse or dependents when such expenses were paid or incurred for an abortion, or for a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as an itemized deduction for federal income tax purposes.

(xxv) For taxable years commencing after December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto, to the extent that such taxes and assessments are claimed as a deduction for federal income tax purposes.

(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. 2016 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. For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of modification under this subsection shall exclude the portion of income or loss reported on schedule E and included on line 17 of the taxpayer's form 1040 federal individual income tax return.

(xv) For all taxable years beginning after December 31, 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. 2016 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) 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.

(xvii) 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.

(xviii) For the taxable year beginning after December 31, 2006, 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 \$50,000 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, 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.

(xix) Amounts received by retired employees of Washburn university as retirement and pension benefits under the university's retirement plan.

(xx) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of any: (1) Net profit from business as determined under the federal internal revenue code and reported from schedule C and on line 12 of the taxpayer's form 1040 federal individual income tax return; (2) net income, not including guaranteed payments as defined in section 707(c) of the federal internal revenue code and as reported to the taxpayer from federal schedule K-1, (form 1065-B), in box 9, code F or as reported to the taxpayer from federal schedule K-1, (form 1065) in box 4, from rental real estate, royalties, partnerships, S corporations, estates, trusts, residual interest in real estate mortgage investment conduits and net farm rental as determined under the federal internal revenue code and reported from schedule E and on line 17 of the taxpayer's form 1040 federal individual income tax return; and (3) net farm profit as determined under the federal internal revenue code and reported from schedule F and on line 18 of the taxpayer's form 1040 federal income tax return; all to the extent included in the taxpayer's federal adjusted gross income. For purposes of this subsection, references to the federal form 1040 and federal schedule C, schedule E, and schedule F, shall be to such form and schedules as they existed for tax year 2011 and as revised thereafter by the internal revenue service.

(xxi) For all taxable years beginning after December 31, 2013, amounts equal to the unreimbursed travel, lodging and medical expenditures directly incurred by a taxpayer while living, or a dependent of the taxpayer while living, for the donation of one or more human organs of the taxpayer, or a dependent of the taxpayer, to another person for human organ transplantation. The expenses may be claimed as a subtraction modification provided for in this section to the extent the expenses are not already subtracted from the taxpayer's federal adjusted gross income. In no circumstances shall the subtraction modification provided for in this section for any individual, or a dependent, exceed \$5,000. As used in this section, "human organ" means all or part of a liver, pancreas, kidney, intestine, lung or bone marrow. The provisions of this paragraph shall take effect on the day the secretary of revenue certifies to the director of the budget that the cost for the department of revenue of modifications to the automated tax system for the purpose of implementing this paragraph will not exceed \$20,000.

(xxii) For ~~all~~ taxable years beginning after December 31, 2012, and ending before January 1, 2017, the amount of net gain from the sale of: (1) Cattle and horses, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 24 months or more from the date of acquisition; and (2) other livestock, regardless of age, held by the taxpayer for draft, breeding, dairy or sporting purposes, and held by such taxpayer for 12 months or more from the date of acquisition. The subtraction from federal adjusted gross income shall be limited to the amount of the additions recognized under the provisions of subsection (b)(xix) attributable to the business in which the livestock sold had been used. As used in this paragraph, the term "livestock" shall not include poultry.

(xxiii) For all taxable years beginning after December 31, 2012, amounts received under either the Overland Park, Kansas police department retirement plan or the Overland Park, Kansas fire department retirement plan, both as established by the city

of Overland Park, pursuant to the city's home rule authority.

(xxiv) For ~~all~~ taxable years beginning after December 31, 2013, and ending before January 1, 2017, the net gain from the sale from Christmas trees grown in Kansas and held by the taxpayer for six years or more.

(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.

(f) Any taxpayer who is in compliance with the provisions of this section as they appear on June 30, 2017, shall not be assessed penalties and interest from the underpayment of taxes due to changes to this section that became law on July 1, 2017, so long as such underpayment occurred prior to July 1, 2017, and is rectified on or before April 17, 2018.

Sec. 5. K.S.A. 2016 Supp. 79-32,120 is hereby amended to read as follows: 79-32,120. (a) (1) If federal taxable income of an individual is determined by itemizing deductions from such individual's federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction.

(2) For the tax year commencing on January 1, 2013, the Kansas itemized deduction of an individual means 70% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(3) For the tax year commencing on January 1, 2014, the Kansas itemized deduction of an individual means 65% of the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(4) For the tax years commencing on and after January 1, 2015, and ending before January 1, 2018, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (C) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(5) For the tax years commencing on and after January 1, 2018, the Kansas itemized deduction of an individual means the following deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section: (A) 100% of charitable contributions that qualify as charitable contributions allowable as deductions in section 170 of the federal internal revenue code; (B) 100% of expenses for medical care allowable as deductions in section 213 of the federal

internal revenue code; (C) 50% of the amount of qualified residence interest as provided in section 163(h) of the federal internal revenue code; and (D) 50% of the amount of taxes on real and personal property as provided in section 164(a) of the federal internal revenue code.

(b) The total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is or has been claimed.

Sec. 6. K.S.A. 2016 Supp. 79-32,138 is hereby amended to read as follows: 79-32,138. (a) Kansas taxable income of a corporation taxable under this act shall be the corporation's federal taxable income for the taxable year with the modifications specified in this section.

(b) There shall be added to federal taxable income: (i) The same modifications as are set forth in ~~subsection (b)~~ of K.S.A. 79-32,117(b), and amendments thereto, with respect to resident individuals, except subsections (b)(xix), (b)(xx), (b)(xxi), (b)(xxii) and (b)(xxiii);

(ii) the amount of all depreciation deductions claimed for any property upon which the deduction allowed by K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto, is claimed;

(iii) the amount of any charitable contribution deduction claimed for any contribution or gift to or for the use of any racially segregated educational institution;

(iv) for taxable years commencing December 31, 2013, that portion of the amount of any expenditure deduction claimed in determining federal adjusted gross income for expenses paid by a taxpayer for health care when such expenses were paid or incurred for abortion coverage, a health benefit plan, as defined in K.S.A. 2016 Supp. 65-6731, and amendments thereto, when such expenses were paid or incurred for abortion coverage or amounts contributed to health savings accounts for such taxpayer's employees for the purchase of an optional rider for coverage of abortion in accordance with K.S.A. 2016 Supp. 40-2,190, and amendments thereto;

(v) the amount of any charitable contribution deduction claimed for any contribution or gift made to a scholarship granting organization to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2016 Supp. 72-99a07, and amendments thereto; and

(vi) the federal net operating loss deduction.

(c) There shall be subtracted from federal taxable income: (i) The same modifications as are set forth in ~~subsection (c)~~ of K.S.A. 79-32,117(c), and amendments thereto, with respect to resident individuals, except subsection (c)(xx);

(ii) the federal income tax liability for any taxable year commencing prior to December 31, 1971, for which a Kansas return was filed after reduction for all credits thereon, except credits for payments on estimates of federal income tax, credits for gasoline and lubricating oil tax, and for foreign tax credits if, on the Kansas income tax return for such prior year, the federal income tax deduction was computed on the basis of the federal income tax paid in such prior year, rather than as accrued.

Notwithstanding the foregoing, the deduction for federal income tax liability for any year shall not exceed that portion of the total federal income tax liability for such year which bears the same ratio to the total federal income tax liability for such year as the Kansas taxable income, as computed before any deductions for federal income taxes and after application of subsections (d) and (e) of this section as existing for such year, bears to the federal taxable income for the same year;

(iii) an amount for the amortization deduction allowed pursuant to K.S.A. 2016 Supp. 79-32,221, 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250, 79-32,255 or 79-32,256, and amendments thereto;

(iv) for all taxable years commencing after December 31, 1987, the amount included in federal taxable income pursuant to the provisions of section 78 of the internal revenue code; and

(v) for all taxable years commencing after December 31, 1987, 80% of dividends from corporations incorporated outside of the United States or the District of Columbia which are included in federal taxable income.

(d) If any corporation derives all of its income from sources within Kansas in any taxable year commencing after December 31, 1979, its Kansas taxable income shall be the sum resulting after application of subsections (a) through (c) hereof. Otherwise, such corporation's Kansas taxable income in any such taxable year, after excluding any refunds of federal income tax and before the deduction of federal income taxes provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-3271 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any refund of federal income tax as determined under ~~paragraph (iv) of subsection (b) of K.S.A. 79-32,117(b)(iv), and amendments thereto,~~ and minus the deduction for federal income taxes as provided by subsection (c)(ii) shall be such corporation's Kansas taxable income.

(e) A corporation may make an election with respect to its first taxable year commencing after December 31, 1982, whereby no addition modifications as provided for in subsection (b)(ii) ~~of K.S.A. 79-32,138, and amendments thereto,~~ and subtraction modifications as provided for in subsection (c)(iii) ~~of K.S.A. 79-32,138, and amendments thereto,~~ as those subsections existed prior to their amendment by this act, shall be required to be made for such taxable year.

Sec. 7. K.S.A. 2016 Supp. 12-17,165, 12-17,179, 79-32,110, 79-32,117, 79-32,120, 79-32,138 and 79-32,269 are hereby repealed.";

Also on page 13, in line 34, by striking "statute book" and inserting "Kansas register";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after "concerning"; by striking all in lines 2 and 3; in line 4, by striking all before the period and inserting: "taxation; relating to sales and compensating use tax, collection and distribution thereof, STAR bonds; income taxation, determination of Kansas adjusted gross income, modifications, rates and itemized deductions; amending K.S.A. 2016 Supp. 12-17,165, 12-17,179, 79-32,110, 79-32,117, 79-32,120 and 79-32,138 and repealing the existing sections; also repealing K.S.A. 2016 Supp. 79-32,269";

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

STEVEN C. JOHNSON

TOM PHILLIPS

JIM WARD

Conferees on part of House

CARYN TYSON

DAN KERSCHEN

TOM HOLLAND

Conferees on part of Senate

The motion of Rep. Johnson to adopt the conference committee report on **SB 30** did not prevail. The bill was killed.

On roll call, the vote was: Yeas 53; Nays 68; Present but not voting: 0; Absent or not voting: 4.

Yeas: Alford, Baker, Ballard, Becker, Brim, Campbell, Clark, Clayton, Concannon, Cox, Crum, S., Dierks, Dietrich, Elliott, Francis, Gallagher, Gartner, Hibbard, Hineman, Holscher, Jennings, Johnson, Judd-Jenkins, Karleskint, Kelly, Kessinger, Koesten, Kuether, Lewis, Lusk, Lusker, Markley, Mastroni, Murnan, Neighbor, Orr, Parker, Phelps, Phillips, Proehl, Ralph, Rooker, Sawyer, Schreiber, Schroeder, Seiwert, Sloan, Smith, A., S. Swanson, Thompson, Wheeler, Wilson, Wolfe Moore.

Nays: Alcalá, Arnberger, Aurand, Awerkamp, Barker, Bishop, Blex, Burroughs, Carlin, Carmichael, B. Carpenter, Claeys, Corbet, Curtis, E. Davis, Deere, DeGraaf, Delperdang, Dove, Ellis, Eplee, Esau, Finch, Finney, Frownfelter, Garber, Hawkins, Helgerson, Henderson, Highberger, Highland, Hodge, Hoffman, Houser, Humphries, Jacobs, K. Jones, Lakin, Landwehr, Mason, Miller, Ohaebosim, Osterman, Ousley, F. Patton, R. Powell, Rafie, Rahjes, Resman, Ruiz, Ryckman, Schwab, Smith, E., Sutton, Tarwater, Terrell, Thimesch, Trimmer, Vickrey, Victors, Ward, Waymaster, Weber, C., Weigel, Whipple, Whitmer, K. Williams, Winn.

Present but not voting: None.

Absent or not voting: Good, Huebert, Pittman, Stogsdill.

EXPLANATION OF VOTE

MR. SPEAKER: I will be voting No on **SB 30**. "Government does not tax to get the money it needs; government always finds a need for the money it gets." Ronald Reagan

One of the first duties of elected government is to ensure freedom, justice and security. This tax bill unjustly repeals any financial freedom and stability of vulnerable families. It is a form of theft that eliminates financial security for millions of hard working Kansans. Again, this is not equality or liberty. This is a mega-tax bill that does not in any way reward hard working citizens. But on the contrary it penalizes them. – TREVOR JACOBS, LES OSTERMAN, WILLIE DOVE, GREG LAKIN, RANDY POWELL, KEN CORBET, ERIC SMITH, KEVIN JONES, JOHN WHITMER, KEITH ESAU

INTRODUCTION OF ORIGINAL MOTIONS

Having voted on the prevailing side, pursuant to House Rule 2303, Rep. Finch moved that the House reconsider its adverse action in not adopting the conference

committee report on **SB 30**. The motion prevailed. The question reverted back to the motion of Rep. Johnson to adopt the committee report on **SB 30**.

Also, Rep. Finch offered a substitute motion to not adopt the conference committee report on **SB 30** and that a new conference committee be appointed. The motion prevailed.

Speaker pro tem Schwab thereupon appointed Reps. Johnson, Phillips and Sawyer as second conferees on the part of the House.

REPORT ON ENGROSSED BILLS

HB 2102 reported correctly engrossed May 19, 2017.

HB 2128 reported correctly engrossed May 22, 2017.

REPORT ON ENROLLED RESOLUTIONS

HR 6034 reported correctly enrolled and properly signed on May 22, 2017.

On motion of Rep. Hineman, the House adjourned until 10:00 a.m., Tuesday, May 23, 2017.

BECKIE HENDRICKS, JENNY HAUGH, JULIA WERNER, *Journal Clerks*.

SUSAN W. KANNARR, *Chief Clerk*.

