

Journal of the Senate

SEVENTY- EIGHTH DAY

SENATE CHAMBER, TOPEKA, KANSAS
Thursday, May 16, 2002—10:00 a.m.

The Senate was called to order by Vice-President Sandy Praeger.

The roll was called with thirty-nine senators present.

Senator Steineger was excused.

Invocation by Chaplain Fred S. Hollomon:

Heavenly Father,

Several people have suggested
(With a smile upon their face)

“Pray a little harder,
So we can leave this place.”

But I sense an implication
Which I suspect you might condemn:

The assumption is, O God,
That You agree with them.

Whether God is on our side
Is not the question here.

“Are we on the side of God?”
Is the question we should fear.

It seems to me that You desire
We treat others with respect;
Regardless of how vehemently
their decisions we reject.

It’s important to remember
That we can never know
All the crushing pressure
That others undergo.

Help us, Lord, to stop and think
Before we place the blame;
If we were walking in their shoes
Might we have done the same?

I humbly pray this in Jesus’ Name,
AMEN

PRESENTATION OF PETITIONS

The following petition was presented, read and filed:

SP 13, by Senator Lana Oleen: A petition urging the 2002 Kansas Legislature to fund the higher education budget for Fiscal Year 2003, signed by Harold Dick, Chairperson, Washburn University Board of Regents and eight other Board members.

REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bill was referred to Committee as indicated:

Judiciary: **HB 3041**.

On motion of Senator Oleen, the Senate recessed until 11:30 a.m.

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

MESSAGE FROM THE HOUSE

Announcing passage of **House Substitute for SB 74**.

The House adopts the Conference Committee Report to agree to disagree on **SB 619** and has appointed Representatives Wilk, Neufeld and Nichols as third conferees on the part of the House.

REPORT ON ENGROSSED BILLS

H Sub for SB 643 reported correctly engrossed May 15, 2002.

Also: **SB 396** correctly re-engrossed May 15, 2002.

SB 119; H Sub for SB 208, H Sub for SB 296, H Sub for SB 434 reported correctly engrossed May 16, 2002.

Also: **SB 551, SB 586, SB 647** correctly re-engrossed May 16, 2002.

On motion of Senator Oleen, the Senate recessed until 1:30 p.m.

AFTERNOON SESSION

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

ORIGINAL MOTION

Senator Oleen moved that subsection 4(k) of the Joint Rules of the Senate and House of Representatives be suspended for the purpose of considering the following bills: **SB 553, SB 619; S Sub for HB 2230**.

CONSIDERATION OF MOTIONS TO CONCUR OR NONCONCUR

Senator Allen moved the Senate concur in house amendments to **H Sub for SB 152**.

H Sub for SB 152, An act concerning congressional districts; providing for the redistricting thereof; repealing K.S.A. 4-128, 4-133 and 4-135.

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

Yeas: Allen, Barone, Clark, Corbin, Donovan, Downey, Feleciano, Gilstrap, Harrington, Huelskamp, Jackson, Jordan, Lee, Lyon, O'Connor, Pugh, Salmans, Schodorf, Taddiken, Tyson, Umbarger, Wagle.

Nays: Adkins, Barnett, Brownlee, Brungardt, Emler, Gooch, Goodwin, Haley, Hensley, Jenkins, Kerr, Morris, Oleen, Praeger, Schmidt, Teichman, Vratil.

Absent or Not Voting: Steineger.

The Senate concurred.

EXPLANATION OF VOTE

MR. PRESIDENT: I vote NO on **Substitute for SB 152**. This bill was not the best plan for redrawing our four congressional redistricting in the city of Lawrence.

Exactly one year ago today, May 16, 2001, the Special Committee on Redistricting held its first of numerous public hearings on congressional redistricting in the city of Lawrence.

As a member of that committee, I participated in most of those hearings and consistently voiced my belief as to the essential objectives for a fair, reasonable and legal redistricting map. And, I proposed a map, that failed in the Senate on a 20-20 tie, which would have achieved those objectives.

Key among those objectives, was a Congressional map that strictly adhered to the "one person, one vote" doctrine. My proposal accomplished this by having an overall deviation of eleven people, out of the total of 2.6 million people in Kansas.

Another objective was to retain “communities of interest” by avoiding the split of any city, and in particular the city of Lawrence. It is absolutely unnecessary to split the ultimate “community of interest” - a city of 80,000 people.

Finally, my revised plan, would have kept Riley, Geary and Pottawatomie counties together in the 2nd district. This bill needlessly divides Fort Riley from its hometown of Junction City.—ANTHONY HENSLEY

PROTEST

Pursuant to the Kansas Constitution I hereby protest the passage of **H Sub SB 152** which reapportions the four Kansas congressional districts. This map unnecessarily disturbs a vital community of interest. During hearings conducted by the Joint Committee on Redistricting a well-documented, irrefutable and compelling case was made for respecting and preserving the community of interest represented by Geary, Riley and Pottawatomie Counties. These three counties comprise a region of our state united by unique and important interests, both political and economic. The community of interest represented by these counties should not be divided between two congressional districts.

Further, the map enacted in **H Sub SB 152** violates the guidelines for redistricting adopted by the Joint Committee and I believe the imperfections are significant enough to justify judicial intervention. In deliberations to arrive at a final reapportionment I advocated, along with a number of my colleagues, for adoption of a map which would achieve lower deviations and yet still preserve the Geary, Riley and Pottawatomie community of interest. The alternative map labeled GE RL PT Kasold more adequately achieves the “one person, one vote” requirement than the map adopted in **H Sub SB 152**.

The location of Ft. Riley in this three county area reinforces the prominent links which unite this region. Separating the Fort from one of its host communities is an unacceptable intrusion which disregards the strategic economic and cultural ties which forge the communities of this region—one to the other.

I believe the GE RL PT Kasold map (submitted herewith) better serves the interests of the citizens of Kansas while fulfilling the constitutional mandates imposed by law and legislative guidelines.—SENATOR LANA OLEEN

Senator Corbin moved the Senate concur in house amendments to **SB 553**.

SB 553, An act relating to property taxation; requiring the submission of a report concerning land devoted to agricultural use valuation procedures; concerning the valuation of land devoted to agriculture use; amending K.S.A. 2001 Supp.79-1476 and repealing the existing section.

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

Yeas: Adkins, Allen, Barnett, Barone, Brownlee, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Feleciano, Gilstrap, Gooch, Goodwin, Haley, Harrington, Hensley, Huelskamp, Jackson, Jenkins, Jordan, Kerr, Lee, Lyon, Morris, O'Connor, Oleen, Praeger, Pugh, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Tyson, Umbarger, Vratil, Wagle.

Absent or Not Voting: Steineger.

The Senate concurred.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 619**, submits the following report:

Your committee on conference agrees to disagree and recommends that a new conference committee be appointed;

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

KENNY A. WILK
MELVIN NEUFELD
ROCKY NICHOLS
Conferees on part of House

STEPHEN R. MORRIS
DAVID ADKINS
PAUL FELECIANO, JR.
Conferees on part of Senate

On motion of Senator Morris, the Senate adopted the conference committee report on **SB 619**, and requested a new conference committee be appointed.

The President appointed Senators Morris, Jordan and Feleciano as a third Conference Committee on the part of the Senate on **SB 619**.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2230**, 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 16 through 43;

By striking all on pages 2 through 13 and inserting the following:

“Section 1. K.S.A. 38-1505 is hereby amended to read as follows: 38-1505. (a) *Appointment of guardian ad litem; duties.* Upon the filing of a petition the court shall appoint a person who is an attorney to serve as guardian *ad litem* for a child who is the subject of proceedings under this code. The guardian *ad litem* shall make an independent investigation of the facts upon which the petition is based and shall appear for and represent the child. *When the child's position is not consistent with the determination of the guardian ad litem* as to the child's best interests, the guardian *ad litem* shall inform the court of the disagreement. The guardian *ad litem* or the child may request the court to appoint a second attorney to serve either as guardian *ad litem* or as attorney for the child, and the court, on good cause shown, may appoint such second attorney. The attorney for the child shall allow the child and the guardian *ad litem* to communicate with one another but may require such communications to occur in the attorney's presence.

(b) *Attorney for parent or custodian.* A parent or custodian of a child alleged or adjudged to be a child in need of care may be represented by an attorney, other than the guardian

ad litem or a second attorney as provided in subsection (a) appointed for the child, in connection with all proceedings under this code. If at any stage of the proceedings a parent desires but is financially unable to employ an attorney, the court shall appoint an attorney for the parent. It shall not be necessary to appoint an attorney to represent a parent who fails or refuses to attend the hearing after having been properly served with process in accordance with K.S.A. 38-1534 and amendments thereto. A parent or custodian who is not a minor, a mentally ill person as defined in K.S.A. ~~2000~~ 2001 Supp. 59-2946 and amendments thereto or a disabled person as defined in K.S.A. 59-3002 and amendments thereto may waive counsel either in writing or on the record.

(c) *Attorney for parent who is a minor, mentally ill or disabled.* The court shall appoint an attorney for a parent who is a minor, a mentally ill person as defined in K.S.A. 59-2902 and amendments thereto or a disabled person as defined in K.S.A. 59-3002 and amendments thereto, unless the court determines that there is an attorney retained who will appear and represent the interests of the person in the proceedings under this code.

(d) *Continuation of representation.* A guardian *ad litem* or a second attorney as provided in subsection (a) appointed for a child or an attorney appointed for a parent or custodian shall continue to represent the client at all subsequent hearings in proceedings under this code, including any appellate proceedings, unless relieved by the court upon a showing of good cause or upon transfer of venue.

(e) *Fees for counsel.* A guardian *ad litem* or attorney appointed for parties to proceedings under this section shall be allowed a reasonable fee for their services, which may be assessed as an expense in the proceedings as provided in K.S.A. 38-1511 and amendments thereto.

Sec. 2. K.S.A. 38-1505 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.”;

On page 1, in the title, in line 10, by striking all after the semicolon; in line 11 by striking all before “amending”; also in line 11, by striking “38-1501” and inserting “38-1505”; in line 12, by striking all before “and” where it appears for the last time; in line 13, by striking “sections” and inserting “section”;

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

JOHN VRATIL
DAVID ADKINS
GRETA GOODWIN
Conferees on part of Senate

MICHAEL O'NEAL
WARD LOYD
JANICE L. PAULS
Conferees on part of House

Senator Vratil moved the Senate adopt the Conference Committee Report on **S Sub for HB 2230.**

On roll call, the vote was: Yeas 38, Nays 1, Present and Passing 0, Absent or Not Voting 1.

Yeas: Adkins, Allen, Barnett, Barone, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Feleciano, Gilstrap, Gooch, Goodwin, Haley, Harrington, Hensley, Huelskamp, Jackson, Jenkins, Jordan, Kerr, Lee, Lyon, Morris, O'Connor, Oleen, Praeger, Pugh, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Tyson, Umbarger, Vratil, Wagle.

Nays: Brownlee.

Absent or Not Voting: Steineger.

The Conference Committee report was adopted.

MESSAGE FROM THE HOUSE

Announcing, the House adopts the conference committee report on **House Substitute for SB 112.**

The House adopts the conference committee report on **SB 531.**

The House adopts the conference committee report on **HB 2050.**

The House adopts the conference committee report on **HB 3009.**

The House not adopts the conference committee report on **SB 39**, requests a conference and has appointed Representatives Edmonds, Huff and Larkin as fifth conferees on the part of the House.

ORIGINAL MOTION

On motion of Senator Corbin, the Senate acceded to the request of the House for a conference on **SB 39**.

The President appointed Senators Corbin, Jenkins and Lee as fifth conferees on the part of the Senate.

On motion of Senator Oleen, the Senate recessed until 4:00 p.m.

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

MESSAGE FROM THE HOUSE

The House announces the appointment of Representative Neufeld to replace Representative J. Peterson as a conferee on **HB 2896**.

ORIGINAL MOTION

Senator Umbarger moved that subsection 4(k) of the Joint Rules of the Senate and House of Representatives be suspended for the purpose of considering the following bills: **H Sub for SB 112; SB 531; HB 2337**.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 112**, 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. 112, As Amended by House Committee of the Whole, as follows:

By striking all of pages 6 through 8;

On page 9, by striking all of lines 1 through 7 and inserting the following:

“Section 1. K.S.A. 2001 Supp. 45-221 is hereby amended to read as follows: 45-221.

(a) Except to the extent disclosure is otherwise required by law, a public agency shall not be required to disclose:

(1) Records the disclosure of which is specifically prohibited or restricted by federal law, state statute or rule of the Kansas supreme court or the disclosure of which is prohibited or restricted pursuant to specific authorization of federal law, state statute or rule of the Kansas supreme court to restrict or prohibit disclosure.

(2) Records which are privileged under the rules of evidence, unless the holder of the privilege consents to the disclosure.

(3) Medical, psychiatric, psychological or alcoholism or drug dependency treatment records which pertain to identifiable patients.

(4) Personnel records, performance ratings or individually identifiable records pertaining to employees or applicants for employment, except that this exemption shall not apply to the names, positions, salaries and lengths of service of officers and employees of public agencies once they are employed as such.

(5) Information which would reveal the identity of any undercover agent or any informant reporting a specific violation of law.

(6) Letters of reference or recommendation pertaining to the character or qualifications of an identifiable individual.

(7) Library, archive and museum materials contributed by private persons, to the extent of any limitations imposed as conditions of the contribution.

(8) Information which would reveal the identity of an individual who lawfully makes a donation to a public agency, if anonymity of the donor is a condition of the donation.

(9) Testing and examination materials, before the test or examination is given or if it is to be given again, or records of individual test or examination scores, other than records which show only passage or failure and not specific scores.

(10) Criminal investigation records, except that the district court, in an action brought pursuant to K.S.A. 45-222, and amendments thereto, may order disclosure of such records, subject to such conditions as the court may impose, if the court finds that disclosure:

- (A) Is in the public interest;
- (B) would not interfere with any prospective law enforcement action;
- (C) would not reveal the identity of any confidential source or undercover agent;
- (D) would not reveal confidential investigative techniques or procedures not known to the general public;
- (E) would not endanger the life or physical safety of any person; and
- (F) would not reveal the name, address, phone number or any other information which specifically and individually identifies the victim of any sexual offense in article 35 of chapter 21 of the Kansas Statutes Annotated, and amendments thereto.

(11) Records of agencies involved in administrative adjudication or civil litigation, compiled in the process of detecting or investigating violations of civil law or administrative rules and regulations, if disclosure would interfere with a prospective administrative adjudication or civil litigation or reveal the identity of a confidential source or undercover agent.

(12) Records of emergency or security information or procedures of a public agency, or plans, drawings, specifications or related information for any building or facility which is used for purposes requiring security measures in or around the building or facility or which is used for the generation or transmission of power, water, fuels or communications, if disclosure would jeopardize security of the public agency, building or facility.

(13) The contents of appraisals or engineering or feasibility estimates or evaluations made by or for a public agency relative to the acquisition of property, prior to the award of formal contracts therefor.

(14) Correspondence between a public agency and a private individual, other than correspondence which is intended to give notice of an action, policy or determination relating to any regulatory, supervisory or enforcement responsibility of the public agency or which is widely distributed to the public by a public agency and is not specifically in response to communications from such a private individual.

(15) Records pertaining to employer-employee negotiations, if disclosure would reveal information discussed in a lawful executive session under K.S.A. 75-4319, and amendments thereto.

(16) Software programs for electronic data processing and documentation thereof, but each public agency shall maintain a register, open to the public, that describes:

- (A) The information which the agency maintains on computer facilities; and
- (B) the form in which the information can be made available using existing computer programs.

(17) Applications, financial statements and other information submitted in connection with applications for student financial assistance where financial need is a consideration for the award.

(18) Plans, designs, drawings or specifications which are prepared by a person other than an employee of a public agency or records which are the property of a private person.

(19) Well samples, logs or surveys which the state corporation commission requires to be filed by persons who have drilled or caused to be drilled, or are drilling or causing to be drilled, holes for the purpose of discovery or production of oil or gas, to the extent that disclosure is limited by rules and regulations of the state corporation commission.

(20) Notes, preliminary drafts, research data in the process of analysis, unfunded grant proposals, memoranda, recommendations or other records in which opinions are expressed or policies or actions are proposed, except that this exemption shall not apply when such records are publicly cited or identified in an open meeting or in an agenda of an open meeting.

(21) Records of a public agency having legislative powers, which records pertain to proposed legislation or amendments to proposed legislation, except that this exemption shall not apply when such records are:

- (A) Publicly cited or identified in an open meeting or in an agenda of an open meeting;
- or

(B) distributed to a majority of a quorum of any body which has authority to take action or make recommendations to the public agency with regard to the matters to which such records pertain.

(22) Records of a public agency having legislative powers, which records pertain to research prepared for one or more members of such agency, except that this exemption shall not apply when such records are:

(A) Publicly cited or identified in an open meeting or in an agenda of an open meeting; or

(B) distributed to a majority of a quorum of any body which has authority to take action or make recommendations to the public agency with regard to the matters to which such records pertain.

(23) Library patron and circulation records which pertain to identifiable individuals.

(24) Records which are compiled for census or research purposes and which pertain to identifiable individuals.

(25) Records which represent and constitute the work product of an attorney.

(26) Records of a utility or other public service pertaining to individually identifiable residential customers of the utility or service, except that information concerning billings for specific individual customers named by the requester shall be subject to disclosure as provided by this act.

(27) Specifications for competitive bidding, until the specifications are officially approved by the public agency.

(28) Sealed bids and related documents, until a bid is accepted or all bids rejected.

(29) Correctional records pertaining to an identifiable inmate or release, except that:

(A) The name; photograph and other identifying information; sentence data; parole eligibility date; custody or supervision level; disciplinary record; supervision violations; conditions of supervision, excluding requirements pertaining to mental health or substance abuse counseling; location of facility where incarcerated or location of parole office maintaining supervision and address of a releasee whose crime was committed after the effective date of this act shall be subject to disclosure to any person other than another inmate or releasee, except that the disclosure of the location of an inmate transferred to another state pursuant to the interstate corrections compact shall be at the discretion of the secretary of corrections;

(B) the ombudsman of corrections, the attorney general, law enforcement agencies, counsel for the inmate to whom the record pertains and any county or district attorney shall have access to correctional records to the extent otherwise permitted by law;

(C) the information provided to the law enforcement agency pursuant to the sex offender registration act, K.S.A. 22-4901, *et seq.*, and amendments thereto, shall be subject to disclosure to any person, except that the name, address, telephone number or any other information which specifically and individually identifies the victim of any offender required to register as provided by the Kansas offender registration act, K.S.A. 22-4901 *et seq.* and amendments thereto, shall not be disclosed; and

(D) records of the department of corrections regarding the financial assets of an offender in the custody of the secretary of corrections shall be subject to disclosure to the victim, or such victim's family, of the crime for which the inmate is in custody as set forth in an order of restitution by the sentencing court.

(30) Public records containing information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy.

(31) Public records pertaining to prospective location of a business or industry where no previous public disclosure has been made of the business' or industry's interest in locating in, relocating within or expanding within the state. This exception shall not include those records pertaining to application of agencies for permits or licenses necessary to do business or to expand business operations within this state, except as otherwise provided by law.

(32) Engineering and architectural estimates made by or for any public agency relative to public improvements.

(33) Financial information submitted by contractors in qualification statements to any public agency.

(34) Records involved in the obtaining and processing of intellectual property rights that are expected to be, wholly or partially vested in or owned by a state educational institution, as defined in K.S.A. 76-711, and amendments thereto, or an assignee of the institution organized and existing for the benefit of the institution.

(35) Any report or record which is made pursuant to K.S.A. 65-4922, 65-4923 or 65-4924, and amendments thereto, and which is privileged pursuant to K.S.A. 65-4915 or 65-4925, and amendments thereto.

(36) Information which would reveal the precise location of an archeological site.

(37) Any financial data or traffic information from a railroad company, to a public agency, concerning the sale, lease or rehabilitation of the railroad's property in Kansas.

(38) Risk-based capital reports, risk-based capital plans and corrective orders including the working papers and the results of any analysis filed with the commissioner of insurance in accordance with K.S.A. 40-2c20 and ~~45-2d20~~ 40-2d20 and amendments thereto.

(39) Memoranda and related materials required to be used to support the annual actuarial opinions submitted pursuant to subsection (b) of K.S.A. 40-409, and amendments thereto.

(40) Disclosure reports filed with the commissioner of insurance under subsection (a) of K.S.A. 40-2,156, and amendments thereto.

(41) All financial analysis ratios and examination synopses concerning insurance companies that are submitted to the commissioner by the national association of insurance commissioners' insurance regulatory information system.

(42) Any records the disclosure of which is restricted or prohibited by a tribal-state gaming compact.

(43) Market research, market plans, business plans and the terms and conditions of managed care or other third party contracts, developed or entered into by the university of Kansas medical center in the operation and management of the university hospital which the chancellor of the university of Kansas or the chancellor's designee determines would give an unfair advantage to competitors of the university of Kansas medical center.

(44) The amount of franchise tax paid to the secretary of state by domestic corporations, foreign corporations, domestic limited liability companies, foreign limited liability companies, domestic limited partnership, foreign limited partnership, domestic limited liability partnerships and foreign limited liability partnerships.

(45) *Records the disclosure of which would pose a substantial likelihood of revealing security measures that protect: (A) Systems, facilities or equipment used in the production, transmission or distribution of energy, water or communications services; or (B) sewer or wastewater treatment systems, facilities or equipment. For purposes of this paragraph, security means measures that protect against criminal acts intended to intimidate or coerce the civilian population, influence government policy by intimidation or coercion or to affect the operation of government by disruption of public services, mass destruction, assassination or kidnapping.*

(b) Except to the extent disclosure is otherwise required by law or as appropriate during the course of an administrative proceeding or on appeal from agency action, a public agency or officer shall not disclose financial information of a taxpayer which may be required or requested by a county appraiser or the director of property valuation to assist in the determination of the value of the taxpayer's property for ad valorem taxation purposes; or any financial information of a personal nature required or requested by a public agency or officer, including a name, job description or title revealing the salary or other compensation of officers, employees or applicants for employment with a firm, corporation or agency, except a public agency. Nothing contained herein shall be construed to prohibit the publication of statistics, so classified as to prevent identification of particular reports or returns and the items thereof.

(c) As used in this section, the term "cited or identified" shall not include a request to an employee of a public agency that a document be prepared.

(d) If a public record contains material which is not subject to disclosure pursuant to this act, the public agency shall separate or delete such material and make available to the requester that material in the public record which is subject to disclosure pursuant to this act. If a public record is not subject to disclosure because it pertains to an identifiable

individual, the public agency shall delete the identifying portions of the record and make available to the requester any remaining portions which are subject to disclosure pursuant to this act, unless the request is for a record pertaining to a specific individual or to such a limited group of individuals that the individuals' identities are reasonably ascertainable, the public agency shall not be required to disclose those portions of the record which pertain to such individual or individuals.

(e) The provisions of this section shall not be construed to exempt from public disclosure statistical information not descriptive of any identifiable person.

(f) Notwithstanding the provisions of subsection (a), any public record which has been in existence more than 70 years shall be open for inspection by any person unless disclosure of the record is specifically prohibited or restricted by federal law, state statute or rule of the Kansas supreme court or by a policy adopted pursuant to K.S.A. 72-6214, and amendments thereto.

Sec. 2. K.S.A. 2001 Supp. 45-221 is hereby repealed.”;

By renumbering the remaining section accordingly;

In the title, on page 1, in line 10, by striking all following “ACT”; by striking all of lines 13 through 15; in line 16, by striking all before the semicolon and inserting the following “amending the open records act”; in line 17, by striking “2000 Supp. 74-616” and inserting “2001 Supp. 45-221”;

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

CARL DEAN HOLMES
TOM SLOAN
LAURA MCCLURE
Conferees on part of House

STAN CLARK
JAY SCOTT EMLER
JIM BARONE
Conferees on part of Senate

Senator Clark moved the Senate adopt the Conference Committee Report on **H Sub for SB 112**.

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

Yeas: Adkins, Allen, Barnett, Barone, Brownlee, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Feleciano, Gilstrap, Gooch, Goodwin, Haley, Harrington, Hensley, Huelskamp, Jackson, Jenkins, Jordan, Kerr, Lee, Lyon, Morris, O'Connor, Oleen, Praeger, Pugh, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Tyson, Umbarger, Vratil, Wagle.

Absent or Not Voting: Steineger.

The Conference Committee report was adopted.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 531**, 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 of the Whole amendments, as follows:

On page 1, by striking all in lines 36 through 43;

On page 2, by striking all in lines 1 through 7 and inserting:

“Section 1. K.S.A. 2001 Supp. 72-6407 is hereby amended to read as follows: 72-6407.

(a) “Pupil” means any person who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 maintained by the district or who is regularly enrolled in a district and attending kindergarten or any of the grades one through 12 in another district in accordance with an agreement entered into under authority of K.S.A. 72-8233, and amendments thereto, or who is regularly enrolled in a district and attending special education services provided for preschool-aged exceptional children by the district. Except as otherwise provided in this subsection, a pupil in attendance full time shall be counted as one pupil. A pupil in attendance part time shall be counted as that proportion

of one pupil (to the nearest $\frac{1}{10}$) that the pupil's attendance bears to full-time attendance. A pupil attending kindergarten shall be counted as $\frac{1}{2}$ pupil. A pupil enrolled in and attending an institution of postsecondary education which is authorized under the laws of this state to award academic degrees shall be counted as one pupil if the pupil's postsecondary education enrollment and attendance together with the pupil's attendance in either of the grades 11 or 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the pupil's postsecondary education attendance and attendance in grade 11 or 12, as applicable, bears to full-time attendance. A pupil enrolled in and attending an area vocational school, area vocational-technical school or approved vocational education program shall be counted as one pupil if the pupil's vocational education enrollment and attendance together with the pupil's attendance in any of grades nine through 12 is at least $\frac{5}{6}$ time, otherwise the pupil shall be counted as that proportion of one pupil (to the nearest $\frac{1}{10}$) that the total time of the pupil's vocational education attendance and attendance in any of grades nine through 12 bears to full-time attendance. A pupil enrolled in a district and attending special education and related services, except special education and related services for preschool-aged exceptional children, provided for by the district shall be counted as one pupil. A pupil enrolled in a district and attending special education and related services for preschool-aged exceptional children provided for by the district shall be counted as $\frac{1}{2}$ pupil. A preschool-aged at-risk pupil enrolled in a district and receiving services under an approved at-risk pupil assistance plan maintained by the district shall be counted as $\frac{1}{2}$ pupil. A pupil in the custody of the secretary of social and rehabilitation services and enrolled in unified school district No. 259, Sedgwick county, Kansas, but housed, maintained, and receiving educational services at the Judge James V. Riddel Boys Ranch, shall be counted as two pupils. A pupil residing at the Flint Hills job corps center shall not be counted. A pupil confined in and receiving educational services provided for by a district at a juvenile detention facility shall not be counted. A pupil enrolled in a district but housed, maintained, and receiving educational services at a state institution shall not be counted.

(b) "Preschool-aged exceptional children" means exceptional children, except gifted children, who have attained the age of three years but are under the age of eligibility for attendance at kindergarten.

(c) "At-risk pupils" means pupils who are eligible for free meals under the national school lunch act and who are enrolled in a district which maintains an approved at-risk pupil assistance plan.

(d) "Preschool-aged at-risk pupil" means an at-risk pupil who has attained the age of four years, is under the age of eligibility for attendance at kindergarten, and has been selected by the state board in accordance with guidelines consonant with guidelines governing the selection of pupils for participation in head start programs. The state board shall select not more than 3,756 preschool-aged at-risk pupils to be counted in the 2001-02 school year and not more than 5,500 preschool-aged at-risk pupils to be counted in any school year thereafter.

(e) "Enrollment" means: (1) For districts scheduling the school days or school hours of the school term on a trimestral or quarterly basis, the number of pupils regularly enrolled in the district on September 20 plus the number of pupils regularly enrolled in the district on February 20 less the number of pupils regularly enrolled on February 20 who were counted in the enrollment of the district on September 20; and for districts not ~~hereinbefore~~ specified in this clause (1), the number of pupils regularly enrolled in the district on September 20. ~~Notwithstanding the foregoing;~~ (2) if enrollment in a district in any school year has decreased from enrollment in the preceding school year, enrollment of the district in the current school year means whichever is the greater of ~~(1)~~ (A) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled, plus enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled, or ~~(2)~~ (B) the sum of enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled and the average (mean) of the sum of ~~(A)~~ (i) enrollment of the district in the current school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils are enrolled and ~~(B)~~ (ii) enrollment in the preceding school year minus enrollment in such school

year of preschool-aged at-risk pupils, if any such pupils were enrolled and ~~(C)~~ (iii) enrollment in the school year next preceding the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled; or (3) the number of pupils as determined under section 2, and amendments thereto.

(f) "Adjusted enrollment" means enrollment adjusted by adding at-risk pupil weighting, program weighting, low enrollment weighting, if any, correlation weighting, if any, school facilities weighting, if any, ancillary school facilities weighting, if any, special education and related services weighting, and transportation weighting to enrollment.

(g) "At-risk pupil weighting" means an addend component assigned to enrollment of districts on the basis of enrollment of at-risk pupils.

(h) "Program weighting" means an addend component assigned to enrollment of districts on the basis of pupil attendance in educational programs which differ in cost from regular educational programs.

(i) "Low enrollment weighting" means an addend component assigned to enrollment of districts having under 1,725 enrollment on the basis of costs attributable to maintenance of educational programs by such districts in comparison with costs attributable to maintenance of educational programs by districts having 1,725 or over enrollment.

(j) "School facilities weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to commencing operation of new school facilities. School facilities weighting may be assigned to enrollment of a district only if the district has adopted a local option budget and budgeted therein the total amount authorized for the school year. School facilities weighting may be assigned to enrollment of the district only in the school year in which operation of a new school facility is commenced and in the next succeeding school year.

(k) "Transportation weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to the provision or furnishing of transportation.

(l) "Correlation weighting" means an addend component assigned to enrollment of districts having 1,725 or over enrollment on the basis of costs attributable to maintenance of educational programs by such districts as a correlate to low enrollment weighting assigned to enrollment of districts having under 1,725 enrollment.

(m) "Ancillary school facilities weighting" means an addend component assigned to enrollment of districts to which the provisions of K.S.A. 2001 Supp. 72-6441, and amendments thereto, apply on the basis of costs attributable to commencing operation of new school facilities. Ancillary school facilities weighting may be assigned to enrollment of a district only if the district has levied a tax under authority of K.S.A. 2001 Supp. 72-6441, and amendments thereto, and remitted the proceeds from such tax to the state treasurer. Ancillary school facilities weighting is in addition to assignment of school facilities weighting to enrollment of any district eligible for such weighting.

(n) "Juvenile detention facility" means any community juvenile corrections center or facility, the Forbes Juvenile Attention Facility, the Sappa Valley Youth Ranch of Oberlin, Salvation Army/Koch Center Youth Services, the Clarence M. Kelley Youth Center, the Clarence M. Kelley Transitional Living Center, Trego County Secure Care Center, St. Francis Academy at Atchison, St. Francis Academy at Ellsworth, St. Francis Academy at Salina, St. Francis Center at Salina, King's Achievement Center, and Liberty Juvenile Services and Treatment.

(o) "Special education and related services weighting" means an addend component assigned to enrollment of districts on the basis of costs attributable to provision of special education and related services for pupils determined to be exceptional children.

New Sec. 2. (a) If the state board of education determines that the enrollment of a school district in the preceding school year had decreased from the enrollment in the second preceding school year and that a disaster had contributed to such decrease, the enrollment of such district in the second school year following the school year in which the enrollment of the school district was first affected by the disaster shall be the greater of:

(1) The enrollment of preschool-aged at-risk pupils, if any, plus the average of the enrollment for the current and the preceding three school years, excluding the enrollment of preschool-age at-risk pupils in each such year; or

(2) the enrollment of the district as defined by subsection (e) of K.S.A. 72-6407, and amendments thereto.

(b) As used in this section, "disaster" means the occurrence of widespread or severe damage, injury or loss of life or property resulting from flood, earthquake, tornado, wind, storm, drought, blight or infestation.

Sec. 3. K.S.A. 2001 Supp. 72-6407 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book";

In the title, in line 15, before the period, by inserting "; amending K.S.A. 2001 Supp. 72-6407 and repealing the existing section";

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

RALPH M. TANNER
KATHE LLOYD
BILL REARDON
Conferees on part of House

DWAYNE UMBARGER
JOHN VRATIL
JANIS K. LEE
Conferees on part of Senate

Senator Umbarger moved the Senate adopt the Conference Committee Report on **SB 531**.

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

Yeas: Adkins, Allen, Barnett, Barone, Brownlee, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Feleciano, Gilstrap, Gooch, Goodwin, Haley, Harrington, Hensley, Huelskamp, Jackson, Jenkins, Jordan, Kerr, Lee, Lyon, Morris, O'Connor, Oleen, Praeger, Pugh, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Tyson, Umbarger, Vratil, Wagle.

Absent or Not Voting: Steineger.

The Conference Committee report was adopted.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2337**, submits the following report:

The Senate recedes from all of its amendments to the bill;

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

BARBARA P. ALLEN
MARK GILSTRAP
Conferees on part of Senate

GERRY RAY
LARRY L. CAMPBELL
BILL REARDON
Conferees on part of House

Senator Allen moved the Senate adopt the Conference Committee Report on **HB 2337**.

On roll call, the vote was: Yeas 28, Nays 11, Present and Passing 0, Absent or Not Voting 1.

Yeas: Adkins, Allen, Barnett, Barone, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Feleciano, Gilstrap, Goodwin, Hensley, Jackson, Jenkins, Kerr, Lee, Morris, Oleen, Praeger, Salmans, Schmidt, Taddiken, Teichman, Umbarger, Vratil, Wagle.

Nays: Brownlee, Gooch, Haley, Harrington, Huelskamp, Jordan, Lyon, O'Connor, Pugh, Schodorf, Tyson.

Absent or Not Voting: Steineger.

The Conference Committee report was adopted.

On motion of Senator Oleen, the Senate recessed until 6:30 p.m.

EVENING SESSION

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

MESSAGE FROM THE HOUSE

Announcing, the House not adopts the conference committee report on **SB 619**, requests a conference and has appointed Representatives Wilk, Neufeld and Nichols as fourth conferees on the part of the House.

The House adopts the conference committee report on **HB 2337**.

The House adopts the conference committee report on **SB 39**.

The House adopts the conference committee report on **House Substitute for SB 9**.

The House concurs in Senate amendments to **HB 2030** and requests the Senate to return the bill.

The House adopts the conference committee report on **House Substitute for SB 363**.

The House adopts the conference committee report on **HB 3011**.

ORIGINAL MOTION

Senator Oleen moved that subsection 4(k) of the Joint Rules of the Senate and House of Representatives be suspended for the purpose of considering the following bills: **SB 39; H Sub for SB 9**.

ORIGINAL MOTION

Senator Oleen moved that joint rule 3(f) be suspended and the Senate dispense with distribution of copies of the Conference Committee Reports on **SB 39; H Sub for SB 363**.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 9**, 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. 9, as follows:

On page 1, by striking all after the enacting clause;

By striking all on pages 2 through 4 and by inserting the following:

“Section 1. K.S.A. 2001 Supp. 22-3716 is hereby amended to read as follows: 22-3716.

(a) At any time during probation, assignment to a community correctional services program, suspension of sentence or pursuant to subsection (d) for defendants who committed a crime prior to July 1, 1993, and at any time during which a defendant is serving a nonprison sanction for a crime committed on or after July 1, 1993, or pursuant to subsection (d), the court may issue a warrant for the arrest of a defendant for violation of any of the conditions of release or assignment, a notice to appear to answer to a charge of violation or a violation of the defendant's nonprison sanction. The notice shall be personally served upon the defendant. The warrant shall authorize all officers named in the warrant to return the defendant to the custody of the court or to any certified detention facility designated by the court. Any court services officer or community correctional services officer may arrest the defendant without a warrant or may deputize any other officer with power of arrest to do so by giving the officer a written statement setting forth that the defendant has, in the judgment of the court services officer or community correctional services officer, violated the conditions of the defendant's release or a nonprison sanction. The written statement delivered with the defendant by the arresting officer to the official in charge of a county jail or other place of detention shall be sufficient warrant for the detention of the defendant. After making an arrest, the court services officer or community correctional services officer shall present to the detaining authorities a similar statement of the circumstances of violation. Provisions regarding release on bail of persons charged with a crime shall be applicable to defendants arrested under these provisions.

(b) Upon arrest and detention pursuant to subsection (a), the court services officer or community correctional services officer shall immediately notify the court and shall submit in writing a report showing in what manner the defendant has violated the conditions of release or assignment or a nonprison sanction. Thereupon, or upon an arrest by warrant as provided in this section, the court shall cause the defendant to be brought before it without unnecessary delay for a hearing on the violation charged. The hearing shall be in open court and the state shall have the burden of establishing the violation. The defendant shall have the right to be represented by counsel and shall be informed by the judge that, if the defendant is financially unable to obtain counsel, an attorney will be appointed to represent the defendant. The defendant shall have the right to present the testimony of witnesses and other evidence on the defendant's behalf. Relevant written statements made under oath may be admitted and considered by the court along with other evidence presented at the hearing. Except as otherwise provided, if the violation is established, the court may continue or revoke the probation, assignment to a community correctional services program, suspension of sentence or nonprison sanction and may require the defendant to serve the sentence imposed, or any lesser sentence, and, if imposition of sentence was suspended, may impose any sentence which might originally have been imposed. Except as otherwise provided, no offender for whom a violation of conditions of release or assignment or a nonprison sanction has been established as provided in this section shall be required to serve any time for the sentence imposed or which might originally have been imposed in a state facility in the custody of the secretary of corrections for such violation, unless such person has already at least one prior assignment to a community correctional services program related to the crime for which the original sentence was imposed, except these provisions shall not apply to offenders who violate a condition of release or assignment or a nonprison sanction by committing a new misdemeanor or felony offense. *The provisions of this subsection shall not apply to adult felony offenders as described in subsection (a)(3) of K.S.A. 75-5291, and amendments thereto.* The court may require an offender for whom a violation of conditions of release or assignment or a nonprison sanction has been established as provided in this section to serve any time for the sentence imposed or which might originally have been imposed in a state facility in the custody of the secretary of corrections without a prior assignment to a community correctional services program if the court finds and sets forth with particularity the reasons for finding that the safety of the members of the public will be jeopardized or that the welfare of the inmate will not be served by such assignment to a community correctional services program. When a new felony is committed while the offender is on probation or assignment to a community correctional services program, the new sentence shall be imposed pursuant to the consecutive sentencing requirements of K.S.A. 21-4608 and amendments thereto, and the court may sentence the offender to imprisonment for the new conviction, even when the new crime of conviction otherwise presumes a nonprison sentence. In this event, imposition of a prison sentence for the new crime does not constitute a departure.

(c) A defendant who is on probation, assigned to a community correctional services program, under suspension of sentence or serving a nonprison sanction and for whose return a warrant has been issued by the court shall be considered a fugitive from justice if it is found that the warrant cannot be served. If it appears that the defendant has violated the provisions of the defendant's release or assignment or a nonprison sanction, the court shall determine whether the time from the issuing of the warrant to the date of the defendant's arrest, or any part of it, shall be counted as time served on probation, assignment to a community correctional services program, suspended sentence or pursuant to a nonprison sanction.

(d) The court shall have 30 days following the date probation, assignment to a community correctional service program, suspension of sentence or a nonprison sanction was to end to issue a warrant for the arrest or notice to appear for the defendant to answer a charge of a violation of the conditions of probation, assignment to a community correctional service program, suspension of sentence or a nonprison sanction.

(e) Notwithstanding the provisions of any other law to the contrary, an offender whose nonprison sanction is revoked and a term of imprisonment imposed pursuant to either the sentencing guidelines grid for nondrug or drug crimes shall not serve a period of postrelease

supervision upon the completion of the prison portion of that sentence. The provisions of this subsection shall not apply to offenders sentenced to a nonprison sanction pursuant to a dispositional departure, whose offense falls within a border box of either the sentencing guidelines grid for nondrug or drug crimes, offenders sentenced for a "sexually violent crime" as defined by K.S.A. 22-3717, and amendments thereto, or whose nonprison sanction was revoked as a result of a conviction for a new misdemeanor or felony offense. The provisions of this subsection shall not apply to offenders who are serving or are to begin serving a sentence for any other felony offense that is not excluded from postrelease supervision by this subsection on the effective date of this subsection. The provisions of this subsection shall be applied retroactively. The department of corrections shall conduct a review of all persons who are in the custody of the department as a result of only a revocation of a nonprison sanction. On or before September 1, 2000, the department shall have discharged from postrelease supervision those offenders as required by this subsection.

Sec. 2. K.S.A. 2001 Supp. 75-5291 is hereby amended to read as follows: 75-5291.

(a) (1) The secretary of corrections may make grants to counties for the development, implementation, operation and improvement of community correctional services including, but not limited to, restitution programs, victim services programs, preventive or diversionary correctional programs, community corrections centers and facilities for the detention or confinement, care or treatment of offenders as provided in this section except that no community corrections funds shall be expended by the secretary for the purpose of establishing or operating a conservation camp as provided by K.S.A. 75-52,127 and amendments thereto.

(2) *Except as otherwise provided*, placement of offenders in community correctional services programs by the court shall be limited to placement of adult offenders, convicted of a felony offense:

(A) Whose offense is classified in grid blocks 5-H, 5-I or 6-G of the sentencing guidelines grid for nondrug crimes or in grid blocks 3-E, 3-F, 3-G, 3-H, 3-I, 4-E or 4-F of the sentencing guidelines grid for drug crimes. In addition, the court may place in a community correctional services program adult offenders, convicted of a felony offense, whose offense is classified in grid blocks 6-H, 6-I, 7-C, 7-D, 7-E, 7-F, 7-G, 7-H or 7-I of the sentencing guidelines grid for nondrug crimes;

(B) whose severity level and criminal history score designate a presumptive prison sentence on either sentencing guidelines grid but receive a nonprison sentence as a result of departure;

(C) all offenders convicted of an offense which satisfies the definition of offender pursuant to K.S.A. 22-4902, and amendments thereto, and which is classified as a severity level 7 or higher offense and who receive a nonprison sentence, regardless of the manner in which the sentence is imposed;

(D) any offender for whom a violation of conditions of release or assignment or a nonprison sanction has been established as provided in K.S.A. 22-3716, and amendments thereto, prior to revocation resulting in the offender being required to serve any time for the sentence imposed or which might originally have been imposed in a state facility in the custody of the secretary of corrections;

(E) any offender who is determined to be "high risk or needs, or both" by the use of a statewide, mandatory, standardized risk assessment tool or instrument validated for community correctional placements; or

(F) placed in community correctional services programs as a condition of supervision following the successful completion of a conservation camp program.

(3) *Notwithstanding any law to the contrary and subject to the availability of funding therefor, adult offenders sentenced to community supervision in Johnson county for felony crimes that occurred on or after July 1, 2002, but before July 1, 2004, shall be placed under court services or community corrections supervision based upon court rules issued by the chief judge of the 10th judicial district. The provisions contained in this subsection shall not apply to offenders transferred by the assigned agency to an agency located outside of Johnson county. The provisions of this section shall expire on July 1, 2004.*

(4) Nothing in this act shall prohibit a community correctional services program from providing services to juvenile offenders upon approval by the local community corrections

advisory board. Grants from community corrections funds administered by the secretary of corrections shall not be expended for such services.

(4) (5) The court may require an offender for whom a violation of conditions of release or assignment or a nonprison sanction has been established, as provided in K.S.A. 22-3716, and amendments thereto, to serve any time for the sentence imposed or which might originally have been imposed in a state facility in the custody of the secretary of corrections without a prior assignment to a community correctional services program if the court finds and sets forth with particularity the reasons for finding that the safety of the members of the public will be jeopardized or that the welfare of the inmate will not be served by such assignment to a community correctional services program.

(b) (1) In order to establish a mechanism for community correctional services to participate in the department of corrections annual budget planning process, the secretary of corrections shall establish a community corrections advisory committee to identify new or enhanced correctional or treatment interventions designed to divert offenders from prison.

(2) The secretary shall appoint one member from the southeast community corrections association region, one member from the northeast community corrections association region, one member from the central community corrections association region and one member from the western community corrections association region. The deputy secretary of community corrections and field services shall designate two members from the state at large. The secretary shall have final appointment approval of the members designated by the deputy secretary. The committee shall reflect the diversity of community correctional services with respect to geographical location and average daily population of offenders under supervision.

(3) Each member shall be appointed for a term of three years, except of the initial appointments, such terms shall be staggered as determined by the secretary. Members shall be eligible for reappointment.

(4) The committee, in collaboration with the deputy secretary of community corrections and field services or the deputy secretary's designee, shall routinely examine and report to the secretary on the following issues:

- (A) Efficiencies in the delivery of field supervision services;
- (B) effectiveness and enhancement of existing interventions; and
- (C) identification of new interventions.

(5) The committee's report concerning enhanced or new interventions shall address:

- (A) measurable goals and objectives;
- (B) projected costs;
- (C) the impact on public safety; and
- (D) the evaluation process.

(6) The committee shall submit its report to the secretary annually on or before July 15 in order for the enhanced or new interventions to be considered for inclusion within the department of corrections budget request for community correctional services or in the department's enhanced services budget request for the subsequent fiscal year.

Sec. 3. (a) The Kansas council for interstate adult offender supervision shall consist of the following members:

- (1) The governor or the governor's designee;
- (2) the chief justice of the supreme court or the chief justice's designee;
- (3) the attorney general or the attorney general's designee;
- (4) a person representing crime victims groups appointed by the attorney general;
- (5) one county attorney or district attorney appointed by the governor;
- (6) one private defense counsel appointed by the governor;
- (7) the chairperson of the Kansas parole board or such chairperson's designee;
- (8) the secretary of corrections or the secretary's designee;
- (9) two senators, one shall be appointed by the president of the senate and one shall be appointed by the minority leader of the senate; and
- (10) two representatives, one shall be appointed by the speaker of the house of representatives and one shall be appointed by the minority leader of the house of representatives.

(b) The appointments shall be made within 30 days after the effective date of this act. The initial meeting of the council shall be convened within 60 days after the effective date

of this act by the secretary of corrections at a time and place designated by the secretary of corrections. The council shall elect a chairperson and may elect any additional officers from among its members necessary to discharge its duties.

(c) Meetings of the council subsequent to its initial meeting shall be held and conducted in accordance with policies and procedures established by the council.

(d) The council shall meet upon call of its chairperson as necessary to carry out its duties under this act.

(e) Each member of the council appointed by the governor or the attorney general shall be appointed for a term of four years. All other members shall be appointed for a term of two years and shall continue to serve during that time as long as the member occupies the position which made the member eligible for the appointment. Each member shall continue in office until a successor is appointed and qualifies. Members shall be eligible for reappointment, and appointment may be made to fill an unexpired term.

(f) The council shall oversee and administer the state's participation in the interstate compact for adult offenders supervision, 2002 Senate Bill No. 95, and amendments thereto, and shall develop policies concerning the operations and procedures of the compact within the state. The council shall appoint the compact administrator.

(g) Each member of the council shall receive compensation, subsistence allowances, mileage and other expenses as provided for in K.S.A. 75-3223, and amendments thereto, for each day or part thereof actually spent on council activities.

(h) The provisions of this section shall take effect and be in force from and after the later of July 1, 2002, or upon enactment into law by the 35th jurisdiction of the interstate compact for adult offenders supervision.

Sec. 4. K.S.A. 2001 Supp. 22-3716 and 75-5291 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.”;

On page 1, in the title, by striking all after “AN ACT” and inserting “concerning crimes, criminal procedure and punishment; relating to placement under court services or community corrections of certain offenders; creating the Kansas council for interstate adult offender supervision; amending K.S.A. 2001 Supp. 22-3716 and 75-5291 and repealing the existing sections.”;

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

MICHAEL O'NEAL
WARD LOYD
JANICE L. PAULS
Conferees on part of House

JOHN VRATIL
DEREK SCHMIDT
DAVID HALEY
Conferees on part of Senate

Senator Vratil moved the Senate adopt the Conference Committee Report on **H Sub for SB 9**.

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

Yeas: Adkins, Allen, Barnett, Barone, Brungardt, Clark, Corbin, Donovan, Downey, Em-ler, Feleciano, Gilstrap, Gooch, Haley, Harrington, Hensley, Jackson, Jenkins, Jordan, Kerr, Lee, Morris, O'Connor, Oleen, Praeger, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Umbarger, Vratil, Wagle.

Nays: Brownlee, Huelskamp, Lyon, Pugh, Tyson.

Absent or Not Voting: Goodwin, Steineger.

The Conference Committee report was adopted.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amend-ments to **SB 39**, 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 of the Whole amendments, as follows:

On page 1, by striking all in lines 20 through 43;

By striking all on pages 2 through 4 and by inserting the following:

“Section. 1. On and after July 1, 2002, K.S.A. 79-3310 is hereby amended to read as follows: 79-3310. There is imposed a tax upon all cigarettes sold, distributed or given away within the state of Kansas. *On and after July 1, 2002, and before January 1, 2003,* the rate of such tax shall be ~~\$.24~~ \$.70 on each 20 cigarettes or fractional part thereof or ~~\$.30~~ \$.875 on each 25 cigarettes, as the case requires. *On and after January 1, 2003,* the rate of such tax shall be \$.79 on each 20 cigarettes or fractional part thereof or \$.99 on each 25 cigarettes, as the case requires. Such tax shall be collected and paid to the director as provided in this act. Such tax shall be paid only once and shall be paid by the wholesale dealer first receiving the cigarettes as herein provided.

The taxes imposed by this act are hereby levied upon all sales of cigarettes made to any department, institution or agency of the state of Kansas, and to the political subdivisions thereof and their departments, institutions and agencies.

New Sec. 2. (1) On or before July 30, 2002, each wholesale dealer, retail dealer and vending machine operator shall file a report with the director in such form as the director may prescribe showing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on July 1, 2002. A tax of \$.46 on each 20 cigarettes or fractional part thereof or \$.575 on each 25 cigarettes, as the case requires and \$.46 or \$.575, as the case requires upon all tax stamps and all meter imprints purchased from the director and not affixed to cigarettes prior to July 1, 2002, is hereby imposed and shall be due and payable in equal installments on or before July 30, 2002, on or before September 30, 2002, and on or before December 30, 2002. The tax imposed upon such cigarettes, tax stamps and meter imprints shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.

(2) On or before January 30, 2003, each wholesale dealer, retail dealer and vending machine operator shall file a report with the director in such form as the director may prescribe showing cigarettes, cigarette stamps and meter imprints on hand at 12:01 a.m. on January 1, 2003. A tax of \$.09 on each 20 cigarettes or fractional part thereof or \$.115 on each 25 cigarettes, as the case requires and \$.09 or \$.115, as the case requires upon all tax stamps and all meter imprints purchased from the director and not affixed to cigarettes prior to January 1, 2003, is hereby imposed and shall be due and payable in equal installments on or before January 30, 2003, on or before March 30, 2003, and on or before June 30, 2003. The tax imposed upon such cigarettes, tax stamps and meter imprints shall be imposed only once under this act. The director shall remit all moneys collected pursuant to this section to the state treasurer who shall credit the entire amount thereof to the state general fund.

Sec. 3. On and after July 1, 2002, K.S.A. 2001 Supp. 79-3311 is hereby amended to read as follows: 79-3311. The director shall design and designate indicia of tax payment to be affixed to each package of cigarettes as provided by this act. The director shall sell water applied stamps only to licensed wholesale dealers in the amounts of 1,000 or multiples thereof. Stamps applied by the heat process shall be sold only in amounts of 30,000 or multiples thereof, except that such stamps which are suitable for packages containing 25 cigarettes each shall be sold in amounts prescribed by the director. Meter imprints shall be sold only in amounts of 10,000 or multiples thereof. Water applied stamps in amounts of 10,000 or multiples thereof and stamps applied by the heat process and meter imprints shall be supplied to wholesale dealers at a discount of ~~2.65%~~ .90% *on and after July 1, 2002, and before January 1, 2003, and .80% thereafter* from the face value thereof, and shall be deducted at the time of purchase or from the remittance therefor as hereinafter provided. Any wholesale cigarette dealer who shall file with the director a bond, of acceptable form, payable to the state of Kansas with a corporate surety authorized to do business in Kansas, shall be permitted to purchase stamps, and remit therefor to the director within 30 days after each

such purchase, up to a maximum outstanding at any one time of 85% of the amount of the bond. Failure on the part of any wholesale dealer to remit as herein specified shall be cause for forfeiture of such dealer's bond. All revenue received from the sale of such stamps or meter imprints shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury. The state treasurer shall first credit such amount as the director shall order to the cigarette tax refund fund and shall credit the remaining balance to the state general fund. A refund fund designated the cigarette tax refund fund not to exceed \$10,000 at any time shall be set apart and maintained by the director from taxes collected under this act and held by the state treasurer for prompt payment of all refunds authorized by this act. Such cigarette tax refund fund shall be in such amount as the director shall determine is necessary to meet current refunding requirements under this act.

The wholesale cigarette dealer shall affix to each package of cigarettes stamps or tax meter imprints required by this act prior to the sale of cigarettes to any person, by such dealer or such dealer's agent or agents, within the state of Kansas. The director is empowered to authorize wholesale dealers to affix revenue tax meter imprints upon original packages of cigarettes and is charged with the duty of regulating the use of tax meters to secure payment of the proper taxes. No wholesale dealer shall affix revenue tax meter imprints to original packages of cigarettes without first having obtained permission from the director to employ this method of affixation. If the director approves the wholesale dealer's application for permission to affix revenue tax meter imprints to original packages of cigarettes, the director shall require such dealer to file a suitable bond payable to the state of Kansas executed by a corporate surety authorized to do business in Kansas. The director may, to assure the proper collection of taxes imposed by the act, revoke or suspend the privilege of imprinting tax meter imprints upon original packages of cigarettes. All meters shall be under the direct control of the director, and all transfer assignments or anything pertaining thereto must first be authorized by the director. All inks used in the stamping of cigarettes must be of a special type devised for use in connection with the machine employed and approved by the director. All repairs to the meter are strictly prohibited except by a duly authorized representative of the director. Requests for service shall be directed to the director. Meter machine ink imprints on all packages shall be clear and legible. If a wholesale dealer continuously issues illegible cigarette tax meter imprints, it shall be considered sufficient cause for revocation of such dealer's permit to use a cigarette tax meter.

A licensed wholesale dealer may, for the purpose of sale in another state, transport cigarettes not bearing Kansas indicia of tax payment through the state of Kansas provided such cigarettes are contained in sealed and original cartons.

Sec. 4. On and after July 1, 2002, K.S.A. 79-3312 is hereby amended to read as follows: 79-3312. The director shall redeem any unused stamps or meter imprints that any wholesale dealer presents for redemption within six months after the purchase thereof, at the face value less ~~2.65%~~ .90% on and after July 1, 2002, and before January 1, 2003, and .80% thereafter thereof if such stamps or meter imprints have been purchased from the director. The director shall prepare a voucher showing the net amount of such refund due, and the director of accounts and reports shall draw a warrant on the state treasurer for the same. Wholesale dealers shall be entitled to a refund of the tax paid on cigarettes which have become unfit for sale upon proof thereof less ~~2.65%~~ .90% on and after July 1, 2002, and before January 1, 2003, and .80% thereafter of such tax.

New Sec. 5. (a) In addition to the tax imposed by the Kansas estate tax act, a tax is hereby imposed on the privilege of succeeding to the ownership of any property, corporeal or incorporeal, and any interest therein within the jurisdiction of this state by any relative, or stranger in the blood, of a decedent other than the spouse, brothers and sisters, lineal ancestors, lineal descendants, step-parents, step-children, adopted children, lineal descendants of any adopted child or step-child, the spouse or surviving spouse of a son or daughter, or the spouse or surviving spouse of an adopted child or step-child of the decedent. In the case of an adopted child or step-child, a spouse or surviving spouse of an adopted child or step-child or the lineal descendant of an adopted child or step-child of the decedent, such person shall file with the department of revenue an affidavit setting forth the relationship

of such person to the decedent. Such affidavit shall be sufficient proof of the adoptive or step-child relationship in question, and the department, or any officer or employee thereof, shall not require any additional proof of such relationship. As used in this paragraph, "step-child" means a child of a spouse or former spouse of the decedent or the brothers and sisters of the decedent.

(b) The tax shall be charged upon the value of the property succeeded to and shall be in an amount equal to a percentage of such value as follows: On any amount up to \$100,000, 10%; or any amount in excess of \$100,000 and up to \$200,000, 12%; on all sums in excess of \$200,000, 15%.

(c) All moneys collected pursuant to the provisions of this section shall be remitted to the state treasurer who shall credit the entire amount thereof to the state general fund.

(d) The provisions of this section shall be deemed supplemental to the Kansas estate tax act.

Sec. 6. On and after July 1, 2002, K.S.A. 2001 Supp. 79-3603 is hereby amended to read as follows: 79-3603. For the privilege of engaging in the business of selling tangible personal property at retail in this state or rendering or furnishing any of the services taxable under this act, there is hereby levied and there shall be collected and paid a tax at the rate of ~~4.9%~~ 5.3% on and after July 1, 2002, and before July 1, 2004, 5.2% on and after July 1, 2004, and before July 1, 2005, and 5% on and after July 1, 2005, and, within a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax at the rate of 2% until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the final scheduled maturity of the first series of bonds issued to finance any part of the project upon:

(a) The gross receipts received from the sale of tangible personal property at retail within this state;

(b) (1) the gross receipts from intrastate telephone or telegraph services; (2) the gross receipts received from the sale of interstate telephone or telegraph services, which (A) originate within this state and terminate outside the state and are billed to a customer's telephone number or account in this state; or (B) originate outside this state and terminate within this state and are billed to a customer's telephone number or account in this state except that the sale of interstate telephone or telegraph service does not include: (A) Any interstate incoming or outgoing wide area telephone service or wide area transmission type service which entitles the subscriber to make or receive an unlimited number of communications to or from persons having telephone service in a specified area which is outside the state in which the station provided this service is located; (B) any interstate private communications service to the persons contracting for the receipt of that service that entitles the purchaser to exclusive or priority use of a communications channel or group of channels between exchanges; (C) any value-added nonvoice service in which computer processing applications are used to act on the form, content, code or protocol of the information to be transmitted; (D) any telecommunication service to a provider of telecommunication services which will be used to render telecommunications services, including carrier access services; or (E) any service or transaction defined in this section among entities classified as members of an affiliated group as provided by section 1504 of the federal internal revenue code of 1986, as in effect on January 1, 2001. For the purposes of this subsection the term gross receipts does not include purchases of telephone, telegraph or telecommunications using a prepaid telephone calling card or prepaid authorization number. As used in this subsection, a prepaid telephone calling card or prepaid authorization number means the right to exclusively make telephone calls, paid for in advance, ~~with the prepaid value measured in minutes or other time units~~; that enables the origination of calls using an access number or authorization code or both, whether manually or electronically dialed; and (3) the gross receipts from the provision of services taxable under this subsection which are billed on a combined basis with nontaxable services, shall be accounted for and the tax remitted as follows: The taxable portion of the selling price of those combined services shall include only those charges for taxable services if the selling price for the taxable services can be readily distinguishable in the retailer's books and records from the selling price for the nontaxable services. Otherwise, the gross receipts from the sale of both taxable and nontaxable services

billed on a combined basis shall be deemed attributable to the taxable services included therein. Within 90 days of billing taxable services on a combined basis with nontaxable services, the retailer shall enter into a written agreement with the secretary identifying the methodology to be used in determining the taxable portion of the selling price of those combined services. The burden of proving that any receipt or charge is not taxable shall be upon the retailer. Upon request from the customer, the retailer shall disclose to the customer the selling price for the taxable services included in the selling price for the taxable and nontaxable services billed on a combined basis;

(c) the gross receipts from the sale or furnishing of gas, water, electricity and heat, which sale is not otherwise exempt from taxation under the provisions of this act, and whether furnished by municipally or privately owned utilities but such tax shall not be levied and collected upon the gross receipts from: (1) The sale of a rural water district benefit unit; (2) a water system impact fee, system enhancement fee or similar fee collected by a water supplier as a condition for establishing service; or (3) connection or reconnection fees collected by a water supplier;

(d) the gross receipts from the sale of meals or drinks furnished at any private club, drinking establishment, catered event, restaurant, eating house, dining car, hotel, drugstore or other place where meals or drinks are regularly sold to the public;

(e) the gross receipts from the sale of admissions to any place providing amusement, entertainment or recreation services including admissions to state, county, district and local fairs, but such tax shall not be levied and collected upon the gross receipts received from sales of admissions to any cultural and historical event which occurs triennially;

(f) the gross receipts from the operation of any coin-operated device dispensing or providing tangible personal property, amusement or other services except laundry services, whether automatic or manually operated;

(g) the gross receipts from the service of renting of rooms by hotels, as defined by K.S.A. 36-501 and amendments thereto, or by accommodation brokers, as defined by K.S.A. 12-1692, and amendments thereto *but such tax shall not be levied and collected upon the gross receipts received from sales of such service to the federal government and any agency, officer or employee thereof in association with the performance of official government duties;*

(h) the gross receipts from the service of renting or leasing of tangible personal property except such tax shall not apply to the renting or leasing of machinery, equipment or other personal property owned by a city and purchased from the proceeds of industrial revenue bonds issued prior to July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through 12-1749, and amendments thereto, and any city or lessee renting or leasing such machinery, equipment or other personal property purchased with the proceeds of such bonds who shall have paid a tax under the provisions of this section upon sales made prior to July 1, 1973, shall be entitled to a refund from the sales tax refund fund of all taxes paid thereon;

(i) the gross receipts from the rendering of dry cleaning, pressing, dyeing and laundry services except laundry services rendered through a coin-operated device whether automatic or manually operated;

(j) the gross receipts from the rendering of the services of washing and waxing and waxing of vehicles;

(k) the gross receipts from cable, community antennae and other subscriber radio and television services;

(l) (1) except as otherwise provided by paragraph (2), the gross receipts received from the sales of tangible personal property to all contractors, subcontractors or repairmen for use by them in erecting structures, or building on, or otherwise improving, altering, or repairing real or personal property.

(2) Any such contractor, subcontractor or repairman who maintains an inventory of such property both for sale at retail and for use by them for the purposes described by paragraph (1) shall be deemed a retailer with respect to purchases for and sales from such inventory, except that the gross receipts received from any such sale, other than a sale at retail, shall be equal to the total purchase price paid for such property and the tax imposed thereon shall be paid by the deemed retailer;

(m) the gross receipts received from fees and charges by public and private clubs, drinking establishments, organizations and businesses for participation in sports, games and other recreational activities, but such tax shall not be levied and collected upon the gross receipts received from: (1) Fees and charges by any political subdivision, by any organization exempt from property taxation pursuant to paragraph *Ninth* of K.S.A. 79-201, and amendments thereto, or by any youth recreation organization exclusively providing services to persons 18 years of age or younger which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, for participation in sports, games and other recreational activities; and (2) entry fees and charges for participation in a special event or tournament sanctioned by a national sporting association to which spectators are charged an admission which is taxable pursuant to subsection (e);

(n) the gross receipts received from dues charged by public and private clubs, drinking establishments, organizations and businesses, payment of which entitles a member to the use of facilities for recreation or entertainment, but such tax shall not be levied and collected upon the gross receipts received from: (1) Dues charged by any organization exempt from property taxation pursuant to paragraphs *Eighth* and *Ninth* of K.S.A. 79-201, and amendments thereto; and (2) sales of memberships in a nonprofit organization which is exempt from federal income taxation pursuant to section 501 (c)(3) of the federal internal revenue code of 1986, and whose purpose is to support the operation of a nonprofit zoo;

(o) the gross receipts received from the isolated or occasional sale of motor vehicles or trailers but not including: (1) The transfer of motor vehicles or trailers by a person to a corporation or limited liability company solely in exchange for stock securities or membership interest in such corporation or limited liability company; or (2) the transfer of motor vehicles or trailers by one corporation or limited liability company to another when all of the assets of such corporation or limited liability company are transferred to such other corporation or limited liability company; or (3) the sale of motor vehicles or trailers which are subject to taxation pursuant to the provisions of K.S.A. 79-5101 *et seq.*, and amendments thereto, by an immediate family member to another immediate family member. For the purposes of clause (3), immediate family member means lineal ascendants or descendants, and their spouses. In determining the base for computing the tax on such isolated or occasional sale, the fair market value of any motor vehicle or trailer traded in by the purchaser to the seller may be deducted from the selling price;

(p) the gross receipts received for the service of installing or applying tangible personal property which when installed or applied is not being held for sale in the regular course of business, and whether or not such tangible personal property when installed or applied remains tangible personal property or becomes a part of real estate, except that no tax shall be imposed upon the service of installing or applying tangible personal property in connection with the original construction of a building or facility, the original construction, reconstruction, restoration, remodeling, renovation, repair or replacement of a residence or the construction, reconstruction, restoration, replacement or repair of a bridge or highway.

For the purposes of this subsection:

(1) "Original construction" shall mean the first or initial construction of a new building or facility. The term "original construction" shall include the addition of an entire room or floor to any existing building or facility, the completion of any unfinished portion of any existing building or facility and the restoration, reconstruction or replacement of a building or facility damaged or destroyed by fire, flood, tornado, lightning, explosion or earthquake, but such term, except with regard to a residence, shall not include replacement, remodeling, restoration, renovation or reconstruction under any other circumstances;

(2) "building" shall mean only those enclosures within which individuals customarily are employed, or which are customarily used to house machinery, equipment or other property, and including the land improvements immediately surrounding such building;

(3) "facility" shall mean a mill, plant, refinery, oil or gas well, water well, feedlot or any conveyance, transmission or distribution line of any cooperative, nonprofit, membership corporation organized under or subject to the provisions of K.S.A. 17-4601 *et seq.*, and amendments thereto, or of any municipal or quasi-municipal corporation, including the land improvements immediately surrounding such facility; and

(4) "residence" shall mean only those enclosures within which individuals customarily live;

(q) the gross receipts received for the service of repairing, servicing, altering or maintaining tangible personal property, ~~except computer software described in subsection (s),~~ which when such services are rendered is not being held for sale in the regular course of business, and whether or not any tangible personal property is transferred in connection therewith. The tax imposed by this subsection shall be applicable to the services of repairing, servicing, altering or maintaining an item of tangible personal property which has been and is fastened to, connected with or built into real property;

(r) the gross receipts from fees or charges made under service or maintenance agreement contracts for services, charges for the providing of which are taxable under the provisions of subsection (p) or (q);

(s) the gross receipts received from the sale of computer software, and the sale of the services of modifying, altering, updating or maintaining computer software. As used in this subsection, "computer software" means information and directions loaded into a computer which dictate different functions to be performed by the computer. Computer software includes any canned or prewritten program which is held or existing for general or repeated sale, even if the program was originally developed for a single end user as custom computer software. ~~The sale of computer software or services does not include: (1) The initial sale of any custom computer program which is originally developed for the exclusive use of a single end user, or (2) those services rendered in the modification of computer software when the modification is developed exclusively for a single end user only to the extent of the modification and only to the extent that the actual amount charged for the modification is separately stated on invoices, statements and other billing documents provided to the end user. The services of modification, alteration, updating and maintenance of computer software shall only include the modification, alteration, updating and maintenance of computer software taxable under this subsection whether or not the services are actually provided.~~

(t) the gross receipts received for telephone answering services, ~~including mobile phone~~ *mobile telecommunication* services, beeper services and other similar services. *On and after August 1, 2002, the provisions of the federal mobile telecommunications sourcing act as in effect on January 1, 2002, shall be applicable to all sales of mobile telecommunication services taxable pursuant to this subsection. The secretary of revenue is hereby authorized and directed to perform any act deemed necessary to properly implement such provisions;*

(u) the gross receipts received from the sale of prepaid telephone calling cards or prepaid authorization numbers and the recharge of such cards or numbers. A prepaid telephone calling card or prepaid authorization number means the right to exclusively make telephone calls, paid for in advance, ~~with the prepaid value measured in minutes or other time units,~~ that enables the origination of calls using an access number or authorization code or both, whether manually or electronically dialed. If the sale or recharge of such card or number does not take place at the vendor's place of business, it shall be conclusively determined to take place at the customer's shipping address; if there is no item shipped then it shall be the customer's billing address; and

(v) the gross receipts received from the sales of bingo cards, bingo faces and instant bingo tickets by licensees under K.S.A. 79-4701, *et seq.*, and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1, 2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo faces and instant bingo tickets by licensees under K.S.A. 79-4701 *et seq.*, and amendments thereto, shall be exempt from taxes imposed pursuant to this section.

Sec. 7. On and after July 1, 2002, K.S.A. 2001 Supp. 79-3620 is hereby amended to read as follows: 79-3620. (a) All revenue collected or received by the director of taxation from the taxes imposed by this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsection (c) and (d), to the credit of the state general fund.

(b) A refund fund, designated as "sales tax refund fund" not to exceed \$100,000 shall be set apart and maintained by the director from sales tax collections and estimated tax

collections and held by the state treasurer for prompt payment of all sales tax refunds including refunds authorized under the provisions of K.S.A. 79-3635, and amendments thereto. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act. In the event such fund as established by this section is, at any time, insufficient to provide for the payment of refunds due claimants thereof, the director shall certify the amount of additional funds required to the director of accounts and reports who shall promptly transfer the required amount from the state general fund to the sales tax refund fund, and notify the state treasurer, who shall make proper entry in the records.

(c) (1) The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) *The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.2%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.*

(3) *The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.*

(4) *The state treasurer shall credit $\frac{1}{20}$ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.*

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a redevelopment district occupied by a redevelopment project that was determined by the secretary of commerce and housing to be of statewide as well as local importance or will create a major tourism area for the state as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond finance fund, which fund is hereby created. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such redevelopment project.

Sec. 8. On and after July 1, 2002, K.S.A. 2001 Supp. 79-3635 is hereby amended to read as follows: 79-3635. (a) (1) A claimant shall be entitled to a refund of retailers' sales taxes paid upon food during the calendar year 1998 and each year thereafter in the amount hereinafter provided. There shall be allowed for each member of a household of a claimant having income of \$12,500 or less, an amount equal to ~~\$60~~ \$72. There shall be allowed for each member of a household of a claimant having income of more than \$12,500 but not more than \$25,000, an amount equal to ~~\$30~~ \$36. There shall be allowed for a claimant who qualifies for an additional personal exemption amount pursuant to K.S.A. 79-32,121, and amendments thereto, an additional amount of ~~\$30 or \$60~~ \$36 or \$72, as the case requires. All such claims shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director of taxation or by a person or persons designated by the director.

(2) As an alternative to the procedure described by paragraph 1, for all taxable years commencing after December 31, ~~1997~~ 2001, there shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas income tax act an amount equal to ~~\$60 or \$30~~ \$36 or \$72, as the case requires, for each member of a household. There shall be allowed for a claimant who qualifies for an additional personal exemption amount pursuant to K.S.A. 79-32,121, and amendments thereto, an additional amount of ~~\$30 or \$60~~ \$36 or \$72, as the case requires. If the amount of such tax credit exceeds the claimant's income tax liability for such taxable year, such excess amount shall be refunded to the claimant.

(b) A head of household shall make application for refunds for all members of the same household upon a common form provided for the making of joint claims. All claims paid to members of the same household shall be paid as a joint claim by means of a single warrant.

(c) No claim for a refund of taxes under the provisions of K.S.A. 79-3632 *et seq.* shall be paid or allowed unless such claim is actually filed with and in the possession of the department of revenue on or before April 15 of the year next succeeding the year in which such taxes were paid. The director of taxation may: (1) Extend the time for filing any claim under the provisions of this act when good cause exists therefor; or (2) accept a claim filed after the deadline for filing in the case of sickness, absence or disability of the claimant if such claim has been filed within four years of such deadline.

(d) *In the case of all tax years commencing after December 31, 2001, the threshold income amounts prescribed in this section and subsection (c) of K.S.A. 79-3633, and amendments thereto, shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1 (f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.*

Sec. 9. On and after July 1, 2002, K.S.A. 2001 Supp. 79-3703 is hereby amended to read as follows: 79-3703. There is hereby levied and there shall be collected from every person in this state a tax or excise for the privilege of using, storing, or consuming within this state any article of tangible personal property. Such tax shall be levied and collected in an amount equal to the consideration paid by the taxpayer multiplied by the rate of ~~4.9%~~ 5.3% on and after July 1, 2002, and before July 1, 2004, 5.2% on and after July 1, 2004, and before July 1, 2005, and 5% on and after July 1, 2005. Within a redevelopment district established pursuant to K.S.A. 2001 Supp. 74-8921, and amendments thereto, there is hereby levied and there shall be collected and paid an additional tax of 2% until the earlier of: (1) The date the bonds issued to finance or refinance the redevelopment project undertaken in the district have been paid in full; or (2) the final scheduled maturity of the first series of bonds issued to finance the redevelopment project. All property purchased or leased within or without this state and subsequently used, stored or consumed in this state shall be subject to the compensating tax if the same property or transaction would have been subject to the Kansas retailers' sales tax had the transaction been wholly within this state.

Sec. 10. On and after July 1, 2002, K.S.A. 2001 Supp. 79-3710 is hereby amended to read as follows: 79-3710. (a) All revenue collected or received by the director under the provisions of this act shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury, less amounts set apart as provided in subsection (b) and amounts credited as provided in subsection (c) and (d), to the credit of the state general fund.

(b) A revolving fund, designated as "compensating tax refund fund" not to exceed \$10,000 shall be set apart and maintained by the director from compensating tax collections and estimated tax collections and held by the state treasurer for prompt payment of all compensating tax refunds. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act.

(c) (1) The state treasurer shall credit $\frac{5}{100}$ s of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) *The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.2%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.*

(3) *The state treasurer shall credit $\frac{5}{100}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.*

(4) *The state treasurer shall credit $\frac{1}{20}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5%, and deposited as*

provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a redevelopment district occupied by a redevelopment project that was determined by the secretary of commerce and housing to be of statewide as well as local importance or will create a major tourism area for the state as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond finance fund created by subsection (d) of K.S.A. 79-3620, and amendments thereto. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such redevelopment project.

Sec. 11. K.S.A. 2001 Supp. 79-32,206 is hereby amended to read as follows: 79-32,206. For all taxable years commencing after December 31, ~~1997~~ 2001, there shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act, the premiums tax upon insurance companies imposed pursuant to K.S.A. 40-252, and amendments thereto, and the privilege tax as measured by net income of financial institutions imposed pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, an amount equal to 15% of the property tax levied for property tax ~~year 1998~~ years 2002, 2003 and 2004, 20% of the property tax levied for property tax years 2005 and 2006, and 25% of the property tax levied for property tax year 2007, and all such years thereafter, actually and timely paid during an income or privilege taxable year upon commercial and industrial machinery and equipment classified for property taxation purposes pursuant to section 1 of article 11 of the Kansas constitution in subclass (5) or (6) of class 2 ~~and~~ machinery and equipment classified for such purposes in subclass (2) of class 2. *For all taxable years commencing after December 31, 2004, there shall be allowed as a credit against the tax liability of a taxpayer imposed under the Kansas income tax act an amount equal to 20% of the property tax levied for property tax years 2005 and 2006, and 25% of the property tax levied for property tax year 2007 and all such years thereafter, actually and timely paid during an income taxable year upon machinery and equipment classified for property tax purposes pursuant to section 1 of article 11 of the Kansas constitution in subclass (3) of class 2. Prior to the 2004 legislative session, the joint committee on economic development shall conduct a study of the economic impact of the foregoing provision.* If the amount of such tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount thereof which exceeds such tax liability shall be refunded to the taxpayer. If the taxpayer is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability company, the credit provided by this section shall be claimed by the shareholders of such corporation, the partners of such partnership or the members of such limited liability company in the same manner as such shareholders, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability company.

Sec. 12. K.S.A. 79-3271 is hereby amended to read as follows: 79-3271. As used in this act, unless the context otherwise requires: (a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations, except that for taxable years commencing after December 31, 1995, a taxpayer may elect that all income derived from the acquisition, management, use or disposition of tangible or intangible property constitutes business income. The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, ~~investment company~~, or any type of insurance company, but such term shall not be deemed to include any business entity, other than those hereinbefore enumerated, whose primary business activity is making consumer loans or purchasing retail installment contracts from one or more sellers.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity which owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, oil, oil products or gas.

(g) "Original return" means the first return filed to report the income of a taxpayer for a taxable year or period, irrespective of whether such return is filed on a single entity basis or a combined basis.

~~(g)~~ (h) "Sales" means all gross receipts of the taxpayer not allocated under K.S.A. 79-3274 through 79-3278, and amendments thereto.

~~(h)~~ (i) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

~~(i)~~ (j) "Telecommunications company" means any business entity or unitary group of entities whose primary business activity is the transmission of communications in the form of voice, data, signals or facsimile communications by wire or fiber optic cable.

~~(j)~~ (k) "Distressed area taxpayer" means a corporation which: (1) Is located in a county which has a population of not more than 45,000 persons and which, as certified by the department of commerce *and housing*, has sustained an adverse economic impact due to the closure of a state hospital in such county pursuant to the recommendations of the hospital closure commission; and (2) which has a total annual payroll of \$20,000,000 or more for employees employed within such county.

(l) *For the purposes of this subsection and subsection (b)(5) of K.S.A. 79-3279, and amendments thereto, the following terms are defined:*

(1) "Administration services" include clerical, fund or shareholder accounting, participant record keeping, transfer agency, bookkeeping, data processing, custodial, internal auditing, legal and tax services performed for an investment company;

(2) "distribution services" include the services of advertising, servicing, marketing, underwriting or selling shares of an investment company, but, in the case of advertising, servicing or marketing shares, only where such service is performed by a person who is, or in the case of a closed end company, was, either engaged in the services of underwriting or selling investment company shares or affiliated with a person who is engaged in the service of underwriting or selling investment company shares. In the case of an open end company, such service of underwriting or selling shares must be performed pursuant to a contract entered into pursuant to 15 U.S.C. §80a-15(b), as in effect on the effective date this act;

(3) "investment company", means any person registered under the federal Investment Company Act of 1940, as in effect on the effective date of this act, or a company which would be required to register as an investment company under such act except that such person is exempt to such registration pursuant to §80a-3(c)(1) of such act;

(4) "investment funds service corporation" includes any corporation or S corporation headquartered in and doing business in this state which derives more than 50% of its gross income from the provision of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company;

(5) "management services" include the rendering of investment advice to an investment company making determinations as to when sales and purchases of securities are to be made on behalf of the investment company, or the selling or purchasing of securities constituting assets of an investment company, and related activities, but only where such activity or activities are performed:

(A) Pursuant to a contract with the investment company entered into pursuant to 15 U.S.C. §80a-15(a), in effect on the effective date of this act; or

(B) *for a person that has entered into such contract with the investment company;*

(6) *“qualifying business income” is business income derived from the provision of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company; and*

(7) *“residence” is the fund shareholder’s primary residence address.*

Sec. 13. K.S.A. 79-3279 is hereby amended to read as follows: 79-3279. (a) All business income of railroads and interstate motor carriers of persons or property for-hire shall be apportioned to this state by multiplying the business income by a fraction, in the case of railroads, the numerator of which is the freight car miles in this state and the denominator of which is the freight car miles everywhere, and, in the case of interstate motor carriers, the numerator of which is the total number of miles operated in this state and the denominator of which is the total number of miles operated everywhere.

(b) All business income of any other taxpayer shall be apportioned to this state by one of the following methods:

(1) By multiplying the business income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three; or

(2) at the election of a qualifying taxpayer, by multiplying the business income by a fraction, the numerator of which is the property factor plus the sales factor, and the denominator of which is two.

(A) For purposes of this subsection (b)(2), a qualifying taxpayer is any taxpayer whose payroll factor for a taxable year exceeds 200% of the average of the property factor and the sales factor. Whenever two or more corporations are engaged in a unitary business and required to file a combined report, the ~~percentage fraction~~ comparison provided by this subsection (b)(2) shall be calculated by using the payroll factor, property factor and sales factor of the combined group of unitary corporations.

(B) An election under this subsection (b)(2) shall be made by including a statement with the original tax return indicating that the taxpayer elects to apply the apportionment method under this subsection (b)(2). The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations. Notwithstanding the above, the secretary of revenue may upon the request of the taxpayer, grant permission to terminate the election under this subsection (b)(2) prior to expiration of the ten-year period.

(3) At the election of a qualifying telecommunications company, by multiplying the business income by a fraction, the numerator of which is the information carrying capacity of wire and fiber optic cable available for use in this state, and the denominator of which is the information carrying capacity of wire and fiber optic cable available for use everywhere during the tax year.

(A) For purposes of this subsection (b)(3), a qualifying telecommunications company is a telecommunications company that is a qualifying taxpayer under paragraph (A) of subsection (b)(2).

(B) A qualifying telecommunications company shall make the election under this subsection (b)(3) in the same manner as provided under paragraph (B) of subsection (b)(2).

(4) At the election of a distressed area taxpayer, by multiplying the business income by the sales factor. The election shall be made by including a statement with the original tax return indicating that the taxpayer elects to apply this apportionment method. The election may be made only once, it must be made on or before December 31, 1999 and it shall be effective for the taxable year of the election and the following nine taxable years for so long as the taxpayer maintains the payroll amount prescribed by subsection (j) of K.S.A. 79-3271.

(5) *At the election of the taxpayer made at the time of filing of the original return, the qualifying business income of any investment funds service corporation organized as a corporation or S corporation which maintains its primary headquarters and operations or is a branch facility that employs at least 100 individuals on a full-time equivalent basis in this state and has any investment company fund shareholders resided in this state shall be apportioned to this state as provided in this subsection, as follows:*

(A) *By multiplying the investment funds service corporation's qualifying business income from administration, distribution and management services provided to each investment company by a fraction, the numerator of which shall be the average of the number of shares owned by the investment company's fund shareholders resided in this state at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year, and the denominator of which shall be the average of the number of shares owned by the investment company's fund shareholders everywhere at the beginning of and at the end of the investment company's taxable year that ends with or within the investment funds service corporation's taxable year.*

(B) *A separate computation shall be made to determine the qualifying business income from each fund of each investment company. The qualifying business income from each investment company shall be multiplied by the fraction calculated pursuant to paragraph (A) for each fund of such investment company.*

(C) *The qualifying portion of total business income of an investment funds service corporation shall be determined by multiplying such total business income by a fraction, the numerator of which is the gross receipts from the provision of management, distribution and administration services to or on behalf of an investment company, and the denominator of which is the gross receipts of the investment funds service company. To the extent an investment funds service corporation has business income that is not qualifying business income, such business income shall be apportioned to this state pursuant to subsection (b)(1).*

(D) *For tax year 2002, the tax liability of an investment funds service corporation that has elected to apportion its business income pursuant to paragraph (5) shall be increased by an amount equal to 50% of the difference of the amount of such tax liability if determined pursuant to subsection (b)(1) less the amount of such tax liability determined with regard to paragraph (5).*

(E) *When an investment funds service corporation is part of a unitary group, the business income of the unitary group attributable to the investment funds service corporation shall be determined by multiplying the business income of the unitary group by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three. The property factor is a fraction, the numerator of which is the average value of the investment funds service corporation's real and tangible personal property owned or rented and used during the tax period and the denominator of which is the average value of the unitary group's real and tangible personal property owned or rented and used during the tax period. The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the investment funds service corporation for compensation, and the denominator of which is the total compensation paid by the unitary group during the tax period. The sales factor is a fraction, the numerator of which is the total sales of the investment funds service corporation during the tax period, and the denominator of which is the total sales of the unitary group during the tax period.*

(F) *A taxpayer seeking to make the election available pursuant to subsection (b)(5) of K.S.A. 79-3279, and amendments thereto, shall only be eligible to continue to make such election if the taxpayer maintains at least 95% of the Kansas employees in existence at the time the taxpayer first makes such an election.*

New Sec. 14. *The provisions of sections 12 and 13 of this act shall be applicable to all taxable years commencing after December 31, 2001.*

New Sec. 15. *As used in sections 15 through 18 of this act:*

(a) *"Establishment" means a business that:*

(1) *Has at least \$100,000,000 in existing annual gross compensation paid to jobs located in Kansas, according to reports filed with the secretary of human resources, for the previous three years;*

(2) *has an average annual gross compensation of at least \$40,000 paid per existing employee;*

(3) *currently has at least \$200,000,000 total investment in Kansas;*

(4) *intends to add investment, in the state as defined in subsection (d), for modernization and retooling of at least \$50,000,000 within five years from the effective date of this act or within five years of contracting with the department of commerce and housing; and*

(5) is described by north American industrial classification code number 326211, tire manufacturing.

(b) "Gross compensation" means wages and benefits paid to or on behalf of employees receiving wages.

(c) "Secretary" means the secretary of commerce and housing.

(d) "Invest" or "investment" for the purpose of determining the eligibility of an establishment for the incentive payments created pursuant to this act, means an amount greater than the average amount invested by the establishment over the five years prior to the effective date of this act or for investments made after July 1, 2003, over the five years prior to entering into a contract with the secretary. If an establishment has been engaged in commercial operations for less than five years, the amount invested shall be greater than the annual average amount invested by the establishment for the entire period of commercial operation.

New Sec. 16. The Kansas development finance authority is hereby authorized to issue obligations in a principal amount not to exceed \$10,000,000 upon certification by the department of commerce and housing that an establishment has entered into a contract with the secretary pursuant to this act. The authority shall issue such obligations in an amount of \$1 for every \$5 the establishment shall invest as required pursuant to section 15, and amendments thereto. The maximum maturity of bonds issued pursuant to this act shall be 15 years. Such obligations shall be issued within 60 days of the date by which the secretary receives the signed contract required pursuant to section 17, and amendments thereto. The proceeds of such issuance shall be used by the authority for acquiring or improving real property or acquiring or replacing personal property for modernizing and retooling of an establishment in the state. Subject to appropriation, the debt service on such obligations shall be paid by the transfer of an amount not to exceed 75% of the revenue realized from payments by employees of the establishment pursuant to K.S.A. 79-3294, *et seq.*, and amendments thereto, but no such transfer shall commence prior to July 1, 2003.

New Sec. 17. An establishment shall enter into a contract with the secretary in which in return for incentive payments authorized pursuant to section 16, and amendments thereto, the establishment agrees that, in the event that insufficient revenue is realized by the payments made pursuant to section 16, and amendments thereto, the establishment shall be responsible for the debt services on obligations issued pursuant to this act. The contract shall include a specified amount which the establishment agrees to invest in the state and shall be the basis for determining the amount of obligations issued pursuant to section 16, and amendments thereto. In the event the establishment invests a lesser amount the establishment shall repay any amount received at a ratio of \$1 for each \$5 of the difference between the amount pledged and the amount actually invested. The contract shall further specify that, in the event the rate of taxation set forth in the Kansas income tax act is abolished and insufficient revenue is realized to meet the debt service on the obligations issued pursuant to this act, the establishment shall not be responsible for any amount of shortfall attributable to such reduction in rates. The contract may specify such additional terms and conditions as may be necessary to administer this act. The secretary may include provisions in the contract to reduce the amount of eligible tax credits or other benefits on the investment to support such bond repayment.

New Sec. 18. The establishment shall not be allowed credits pursuant to K.S.A. 79-32,160a, and amendments thereto, for any amount of investment related to or computed on the basis of any investment of the proceeds of obligations issued pursuant to this act.

Sec. 19. K.S.A. 2001 Supp. 79-201w is hereby amended to read as follows: 79-201w. The following described property, to the extent specified by this section, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

(~~+~~) Any item of machinery, equipment, materials and supplies which, except for the operation of the provisions of this section, would be required to be listed for the purpose of taxation pursuant to K.S.A. 79-306, and amendments thereto, and which is used or to be used in the conduct of the owner's business, or in the conduct of activities by an entity not subject to Kansas income taxation pursuant to K.S.A. 79-32,113, and amendments thereto, whose original retail cost when new is \$250 or less for tax year 2002, and \$400 or less for tax year 2003, and all tax years thereafter.

~~(b) The provisions of this section shall apply to all taxable years commencing after December 31, 1995.~~

Sec. 20. K.S.A. 79-2803a is hereby amended to read as follows: 79-2803a. *Lots or tracts may be sold or transferred as a single group or unit or in more than one group or unit either:*

(a) ~~Upon the motion of any party to the action, the court may, if it finds and the court grants such motion by order after making a finding that any two or more lots or tracts constitute a single unit for usual uses and will sell for a higher price if sold together, order said lots or tracts sold together as a single unit, or~~

(b) by the county, without a court order, if such lots or tracts previously have been offered at public auction for delinquent property taxes, but which did not sell at the previous public auction.

New Sec. 21. (a) As a part of an order issued pursuant to K.S.A. 79-2803a, and amendments thereto, and upon application of the county, a court may authorize the county to dispose of one or more lots or tracts by negotiated public or private sale or transfer if the court finds that such property or properties had been included as a part of a prior judgment and order of sale and had not been purchased at the sale.

(b) Any sale or transfer authorized pursuant to subsection (a), shall be conducted in accordance with this subsection. The county may negotiate the sale or transfer of the property on such terms and conditions it deems advisable and shall publish notice of the proposed sale or transfer in the official county newspaper. Such notice shall describe the property and shall state the name of the purchaser or recipient and the sales price or other consideration, or shall state the other manner of transfer. The notice also shall state the date, time, and general location of the hearing to confirm the sale or transfer of the property. The purchaser or recipient of the property shall execute an affidavit pursuant to the provisions of K.S.A. 79-2804h, and amendments thereto, and the county may not sell or transfer of the property to any person who is prohibited from purchasing the property under the provisions of K.S.A. 79-2812, and amendments thereto. Any sale or transfer of real estate by the county under this section shall be subject to a hearing upon and order of confirmation by the court and, thereafter, shall be conveyed to the purchaser or recipient by the sheriff of the county, who shall issue a sheriff's deed, in conformance with K.S.A. 79-2804, and amendments thereto, upon receipt of the court's order confirming the sale or transfer of the property. The deed shall convey the property with all rights provided by K.S.A. 79-2804, and amendments thereto.

Sec. 22. K.S.A. 79-2401a is hereby amended to read as follows: 79-2401a. (a) (1) Except as provided by paragraph (2) and subsection (b), real estate bid off by the county for both delinquent taxes and special assessments, as defined by subsection (c), shall be held by the county until the expiration of two years from the date of the sale, subject only to the right of redemption as provided by this section. Any owner or holder of the record title, the owner's or holder's heirs, devisees, executors, administrators, assigns or any mortgagee or the owner's or holder's assigns may redeem the real estate sold in the sale at any time within two years after the sale by paying to the county treasurer the amount for which the real estate was sold plus the interest accrued, all delinquent taxes and special assessments and interest thereon that have accrued after the date of such sale which remain unpaid as of the date of redemption and costs and expenses of the sale and redemption, including but not limited to, abstracting costs incurred in anticipation of a tax sale.

(2) Any abandoned building or structure and the land accommodating such building or structure bid off by the county for both delinquent taxes and special assessments, as defined by subsection (c), shall be held by the county until the expiration of one year from the date of the sale, subject only to the right of redemption as provided by this section. Any owner or holder of the record title, the owner's or holder's heirs, devisees, executors, administrators, assigns or any mortgagee or the owner's or holder's assigns may redeem the real estate sold in the sale at any time within one year after the sale by paying to the county treasurer the amount for which the real estate was sold plus the interest accrued, all delinquent taxes and special assessments and interest thereon that have accrued after the date of such sale which remain unpaid as of the date of redemption and costs and expenses of the sale and redemption, including but not limited to abstracting costs incurred in anticipation of a tax sale.

When used in this subsection “abandoned building or structure and the land accommodating such building or structure” shall mean a building or structure which, for a period of at least one year, has been unoccupied and which there has been a failure to perform reasonable maintenance of such building or structure and the land accommodating such building or structure.

(b) (1) Except as provided by paragraph (2), real estate which is a homestead under section 9 of article 15 of the Kansas Constitution and all real estate not described in subsection (a) shall be held by the county until the expiration of three years from the date of the sale and may be redeemed partially by paying to the county treasurer the amount of taxes for which the real estate was sold for one or more years, beginning with the first year for which the real estate was carried on the tax-sale book of the county plus interest at the rate prescribed by K.S.A. 79-2004, and amendments thereto, on the amount from the date the same was carried on the sale book. Upon payment and partial redemption, the time when a tax foreclosure sale may be commenced shall be extended by the number of years paid in the partial redemption.

(2) In Johnson ~~and Wyandotte counties~~ *county*, real estate which is a homestead under section 9 of article 15 of the Kansas constitution and all real estate not described in subsection (a) shall be held by the county until the expiration of three years from the date of the sale and may be redeemed partially by paying to the county treasurer the amount of taxes for which the real estate was sold for one or more years, beginning with the most recent year for which the real estate was carried on the tax-sale book of the county plus interest at the rate prescribed by K.S.A. 79-2004, and amendments thereto, on the amount from the date the same was carried on the sale book.

(c) For the purpose of this act, the term “real estate bid off by the county for both delinquent taxes and special assessments” shall include only real estate on which there are delinquent taxes of a general ad valorem property tax nature and delinquent special assessments or other special taxes levied by a city, county or other municipality in response to a petition or request of the landowners. Upon publication of the listing of real estate subject to sale under the provisions of K.S.A. 79-2302, and amendments thereto, the clerk of any city, county or other municipality which has levied special assessments during the past 10 years shall certify to the county treasurer those listed parcels of real estate which are located within a special assessment district, but no parcel shall be so certified unless the public improvement was constructed pursuant to a petition or request of one or more landowners sufficient to authorize the improvement under the applicable statutory special assessment procedure used by the city, county or other municipality.

(d) If at the expiration of the redemption period, the real estate has not been redeemed, the real estate shall be disposed of by foreclosure and sale in the manner provided by K.S.A. 79-2801 et seq., and amendments thereto.

New Sec. 23. (a) Any correspondence issued by the department of revenue to a taxpayer or the taxpayer’s representative demanding payment of an assessment of any tax the imposition and collection of which is administered by the department shall consist of a detailed, clear and accurate explanation of the assessment demand including, but not limited to, the specific tax and tax year to which such assessment applies and penalties and interest which apply thereto. If the department proposes to change the tax or refund due on a return filed by a taxpayer, correspondence detailing the change shall be sent to the taxpayer. The correspondence shall specifically identify the proposed change and explain in simple and non-technical terms the reasons for the change.

(b) Any such correspondence demanding the payment of an assessment of tax, penalties and interest in an amount in excess of \$750 for individual accounts and in excess of \$2,000 for business accounts shall be reviewed prior to issuance for accuracy by an employee of the department and shall provide the employer identification number and contact telephone number of the employee performing any such review.

New Sec. 24. In the event a taxpayer has designated a third party or other representative to discuss an income tax return upon the taxpayer’s Kansas return, the department shall adhere and comply with such designation, and shall discuss or correspond with such designee or representative regarding matters concerning the return, including collection matters.

New Sec. 25. In addition to the authority to waive any civil penalty imposed by law for the violation of any law pertaining to any tax administered by the department of revenue, the secretary or the secretary's designee shall waive any such penalty upon the finding of any circumstance allowing waiver of civil penalties pursuant to the federal internal revenue code, as in effect on January 1, 2002.

New Sec. 26. Upon a resolution of any assessment of tax, penalties and interest of any tax the imposition and collection of which is administered by the department, a closing letter evidencing such resolution shall be issued to the affected taxpayer or the taxpayer's representative, as the case may require, within 30 days of the date upon which such resolution is agreed to. The taxpayer shall be entitled to rely on such closing letter as it relates to the issues resolved.

New Sec. 27. (a) Notwithstanding any provision of K.S.A. 79-3235, and amendments thereto, to the contrary, the procedures set forth by this section shall apply to the issuance of any warrant and the levy upon property pursuant to such provisions.

(b) The secretary or the secretary's designee shall notify in writing the person who is the subject of the warrant of the filing of a warrant under K.S.A. 79-3235, and amendments thereto. The notice required shall be given in person, left at the dwelling or usual place of business of such person or sent by certified or registered mail to such person's last known dwelling address, not more than five business days after the day of the filing of the notice of lien. The notice shall include in simple and nontechnical terms the amount of unpaid taxes, the administrative appeals available to the taxpayer with respect to such warrant and the procedures relating to such appeals, and the provisions of law and procedures relating to the release of warrants on property.

Sec. 28. K.S.A. 79-3226 is hereby amended to read as follows: 79-3226. (a) As soon as practicable after the return is filed, the director of taxation shall examine it and shall determine the correct amount of the tax. If the tax found due shall be greater than the amount theretofore paid, or if a claim for a refund is denied, notice shall be mailed to the taxpayer. Within 60 days after the mailing of such notice the taxpayer may request an informal conference with the secretary of revenue or the secretary's designee relating to the tax liability or denial of refund by filing a written request with the secretary of revenue or the secretary's designee which sets forth the objections to the proposed liability or proposed denial of refund. The purpose of such conference shall be to review and reconsider all facts and issues that underlie the proposed liability or proposed denial of refund. The secretary of revenue or the secretary's designee shall hold an informal conference with the taxpayer and shall issue a written final determination thereon. The informal conference shall not constitute an adjudicative proceeding under the Kansas administrative procedure act. Informal conferences held pursuant to this section may be conducted by the secretary of revenue or the secretary's designee. The rules of evidence shall not apply to an informal conference and no record shall be made, except at the request and expense of the secretary of revenue or the secretary's designee or taxpayer. The taxpayer may bring to the informal conference an attorney, certified public accountant and any other person to represent the taxpayer or to provide information. Because the purpose of the department staff is to aid the secretary or secretary's designee in the proper discharge of the secretary's or secretary's designee's duties, the secretary or secretary's designee may confer at any time with any staff member with respect to the case under reconsideration. The secretary of revenue or the secretary's designee shall issue a written final determination within 270 days of the date of the request for informal conference unless the parties agree in writing to extend the time for issuing such final determination. A final determination constitutes final agency action subject to administrative review by the state board of tax appeals. In the event that a written final determination is not rendered within 270 days, the taxpayer may appeal to the state board of tax appeals.

(b) A final determination finding additional tax shall be accompanied by a notice and demand for payment. Notice under this section shall be sent by first-class mail in the case of individual taxpayers and by registered or certified mail in the case of all other taxpayers. The tax shall be paid within 20 days thereafter, together with interest at the rate per month prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, on the additional tax from the date the tax was due unless an appeal is taken in the manner provided by K.S.A.

74-2438 and amendments thereto, but no additional tax shall be assessed for less than \$5 unless the secretary or the secretary's designee determines the administration and collection cost involved in collecting an amount over \$5 but less than \$100 would not warrant collection of the amount due. Interest at such rate shall continue to accrue on any additional tax liability during the course of any appeal.

Sec. 29. K.S.A. 2001 Supp. 79-3295 is hereby amended to read as follows: 79-3295. (a) The term "employee" means a resident of this state as defined by subsection (b) of K.S.A. 79-32,109, and amendments thereto, performing services for an employer either within or without the state and a nonresident performing services within this state, and includes an officer, employee or elected official of the United States, a state, territory, or any political subdivision thereof or any agency or instrumentality thereof, and an officer of a corporation.

(b) The term "employer" means any person, firm, partnership, limited liability company, corporation, association, trust or fiduciary of any kind or other type organization qualifying as an employer for federal income tax withholding purposes and who maintains an office, transacts business in or derives any income from sources within the state of Kansas for whom an individual performs or performed any services, of whatever nature, as the employee of such employer, and who has control of the payment of wages for such services, or is the officer, agent or employee of the person having control of the payment of wages. It also includes the United States, the state and all political subdivisions thereof, and all agencies or instrumentalities of any of them.

(c) The term "distributee" means any person or organization who receives a distribution which is subject to withholding of income tax pursuant to this act.

(d) The term "distribution" means a distribution from a corporation for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, from a limited liability company formed under the laws of the state of Kansas, or from a partnership.

(e) The term "payee" means any person or organization who receives a payment other than wages which is subject to withholding of income tax pursuant to this act.

(f) The term "payment other than wages" means a payment that is subject to federal income tax withholding and taxable under the Kansas income tax act, and that is a payment:

- (1) for any supplemental unemployment compensation, annuity, or sick pay;
- (2) pursuant to a voluntary withholding agreement;
- (3) of gambling winnings;
- (4) of taxable payments of Indian casino profits;
- (5) for any vehicle fringe benefit;
- (6) of periodic payments of pensions, annuities, and other deferred income;
- (7) of nonperiodic distributions of pensions, annuities, and other deferred income; or
- (8) of eligible rollover distributions of pensions, annuities, and other deferred income.

~~(g)~~ (g) The term "payor" means any person or organization, other than an employer, who makes payments, other than wages or distributions, which are subject to withholding of income tax pursuant to this act.

~~(h)~~ (h) The term "wages" means wages as defined by section 3401(a) of the federal internal revenue code which are taxable under the Kansas income tax act, and shall include any prize or award paid to a professional athlete at a sporting event held in this state.

Sec. 30. K.S.A. 2001 Supp. 79-32,100a is hereby amended to read as follows: 79-32,100a. (a) Every payor who withholds federal income tax:

- ~~(a)~~ For any supplemental unemployment compensation, annuity or sick pay;
 - ~~(b)~~ pursuant to a voluntary withholding agreement;
 - ~~(c)~~ on gambling winnings;
 - ~~(d)~~ on taxable payments of Indian casino profits;
 - ~~(e)~~ for any vehicle fringe benefit;
 - ~~(f)~~ on periodic payments of pensions, annuities and other deferred income;
 - ~~(g)~~ on nonperiodic distributions of pensions, annuities and other deferred income; or
 - ~~(h)~~ on eligible rollover distributions of pensions, annuities and other deferred income;
- from payments made to those persons whose primary residence is in Kansas shall withhold and deduct an amount to be determined in accordance with K.S.A. 2001 Supp. 79-32,100b and 79-32,100d, and amendments thereto: is required under federal law to withhold upon pay-

ments other than wages pursuant to the federal internal revenue code shall withhold and deduct an amount to be determined in accordance with K.S.A. 79-32,100d, and amendments thereto, whenever the payee is a person whose primary residence is in Kansas.

(b) A determination by the internal revenue service that relieves a payor from withholding responsibility with respect to payments other than wages to a payee shall also apply for Kansas income tax withholding purposes. Whenever a payor is required to reinstate withholding for federal income tax with regard to any payee, such obligation shall be equally applicable for Kansas withholding purposes.

(c) Every payor who makes a distribution as defined by subsection (d) of K.S.A. 79-3295, and amendments thereto, shall withhold and deduct an amount to be determined in accordance with K.S.A. 79-32,100d, and amendments thereto, from amounts distributed or distributable to each nonresident shareholder or partner.

Sec. 31. K.S.A. 2001 Supp. 79-32,211 is hereby amended to read as follows: 79-32,211.

(a) For all taxable years commencing after December 31, ~~2000~~ 2001, there shall be allowed a tax credit against the income, *privilege or premium* tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, *the privilege tax imposed upon any national banking association, state bank, trust company or savings and loan association pursuant to article 11 of chapter 79 of the Kansas Statutes Annotated, or the premiums tax and privilege fees imposed upon an insurance company pursuant to K.S.A. 40-252, and amendments thereto*, in an amount equal to 25% of qualified expenditures incurred in the restoration and preservation of a qualified historic structure pursuant to a qualified rehabilitation plan by a qualified taxpayer if the total amount of such expenditures equal \$5,000 or more. If the amount of such tax credit exceeds the qualified taxpayer's income, *privilege or premium* tax liability for the year in which ~~such costs and expenses were incurred; the qualified rehabilitation plan was placed in service, as defined by section 47(b)(1) of the federal internal revenue code and federal regulation section 1.48-12(f)(2)~~, such excess amount may be carried over for deduction from such taxpayer's income, *privilege or premium* tax liability in the next succeeding year or years until the total amount of the credit has been deducted from tax liability, except that no such credit shall be carried over for deduction after the 10th taxable year succeeding the taxable year in which the qualified ~~expenditures were incurred~~ *rehabilitation plan was placed in service*.

(b) As used in this section, unless the context clearly indicates otherwise:

(1) "Qualified expenditures" means the costs and expenses incurred by a qualified taxpayer in the restoration and preservation of a qualified historic structure pursuant to a qualified rehabilitation plan which are defined as a qualified rehabilitation expenditure by section 47 (c)(2) of the federal internal revenue code;

(2) "qualified historic structure" means any building, whether or not income producing, which is defined as a certified historic structure by section 47 (c)(3) of the federal internal revenue code, is individually listed on the register of Kansas historic places, or is located and contributes to a district listed on the register ~~or~~ of Kansas historic places;

(3) "qualified rehabilitation plan" means a project which is approved by the cultural resources division of the state historical society, or by a local government certified by the division to so approve, as being consistent with the standards for rehabilitation and guidelines for rehabilitation of historic buildings as adopted by the federal secretary of interior and in effect on the effective date of this act. The society shall adopt rules and regulations providing application and approval procedures necessary to effectively and efficiently provide compliance with this act, and may collect fees in order to defray its approval costs in accordance with rules and regulations adopted therefor; and

(4) "qualified taxpayer" means the owner of the qualified historic structure or any other person who may qualify for the federal rehabilitation credit allowed by section 47 of the federal internal revenue code.

If the taxpayer is a corporation having an election in effect under subchapter S of the federal internal revenue code, a partnership or a limited liability company, the credit provided by this section shall be claimed by the shareholders of such corporation, the partners of such partnership or the members of such limited liability company in the same manner as such shareholders, partners or members account for their proportionate shares of the income or loss of the corporation, partnership or limited liability company, or as the cor-

poration, partnership or limited liability company mutually agree as provided in the bylaws or other executed agreement. Credits granted to a partnership, a limited liability company taxed as a partnership or other multiple owners of property shall be passed through to the partners, members or owners respectively pro rata or pursuant to an executed agreement among the partners, members or owners documenting any alternate distribution method.

(c) Any person, hereinafter designated the assignor, may sell, assign, convey or otherwise transfer tax credits allowed and earned pursuant to subsection (a). The taxpayer acquiring credits, hereinafter designated the assignee, may use the amount of the acquired credits to offset up to 100% of its income, privilege or premiums tax liability for either the taxable year in which the qualified rehabilitation plan was first placed into service or the taxable year in which such acquisition was made. Unused credit amounts claimed by the assignee may be carried forward for up to five years, except that all such amounts shall be claimed within 10 years following the tax year in which the qualified rehabilitation plan was first placed into service. The assignor shall enter into a written agreement with the assignee establishing the terms and conditions of the agreement and shall perfect such transfer by notifying the cultural resources division of the state historical society in writing within 90 calendar days following the effective date of the transfer and shall provide any information as may be required by such division to administer and carry out the provisions of this section. The amount received by the assignor of such tax credit shall be taxable as income of the assignor, and the excess of the value of such credit over the amount paid by the assignee for such credit shall be taxable as income of the assignee.

New Sec. 32. (a) As used in this section:

(1) "Administrative fee" means those amounts charged by the professional employer organization to the client over and above amounts applied to the mandatory state and federal taxes, wages of assigned workers and amounts applied to premiums or contributions for benefits provided for assigned workers.

(2) "Assigned worker" means a person having an employment relationship with both the professional employer organization and the client.

(3) "Client" means a person who contracts with a professional employer organization to obtain employer services from another person through a professional employer arrangement.

(4) "Person" means an individual, an association, a company, a firm, a partnership, a corporation or any other form of legally recognized entity.

(5) "Professional employer arrangement" means an arrangement, under contract or whereby:

(A) A professional employer organization agrees to employ all or a majority of a client's workforce;

(B) the arrangement is intended to be, or is, ongoing rather than temporary in nature;

(C) employer responsibilities for workers under the arrangement are in fact shared by the professional employer organization and the client; and

(D) for the purposes of this act, a professional employer arrangement shall not include:

(i) Arrangements wherein a person, whose principal business activity is not entering into professional employer arrangements, shares employees with a commonly owned company within the meaning of section 414(b) and (c) of the federal internal revenue code of 1986, as amended, and which does not hold itself out as a professional employer organization.

(ii) Arrangements in which a person assumes full responsibility for the product or service performed by such person or such person's agents and retains and exercises, both legally and in fact, a right of direction and control over the individuals whose services are supplied under such contractual arrangements, and such person and such person's agents perform a specified function for the client which is separate and divisible from the primary business or operations of the client.

(iii) Any person otherwise subject to this act if, during any fiscal year of the person commencing after July 1, 2000, the person pays total gross wages to employees employed by the person in the state under one or more professional employer arrangements which do not exceed 5% of the total gross wages paid to all employees employed by the person in the state during the same fiscal year under all arrangements described in paragraph (4) and

that each person does not advertise or hold itself out to the public as providing services as a professional employer organization.

(6) "Professional employer organization" means any person engaged in providing the services of employees pursuant to one or more professional employer arrangements or any person that represents itself to the public as providing services pursuant to a professional employer arrangement.

(b) A professional employer organization shall be considered an employer for the purposes of withholding state income tax of the assigned workers pursuant to the Kansas income tax act. Commencing after December 31, 1999, the client shall be considered as the employer of an assigned worker under the terms of the professional employer arrangement between the client and the professional employer organization, for purposes of: (1) subsection (d) of K.S.A. 79-32,154, subsection (d) of K.S.A. 74-50,114, K.S.A. 79-32,160a or K.S.A. 2001 Supp. 74-50,131, and amendments thereto; and (2) calculating the client's payroll factor under K.S.A. 79-3283. The client shall provide to the department of revenue the payroll information for assigned workers needed for purposes of administering the above provisions.

New Sec. 33. (a) The value for property tax purposes of any vessel, as defined by K.S.A. 32-1102, and amendments thereto, which is acquired or sold after January 1 and prior to September 1 of any taxable year shall be equal to the value determined therefor pursuant to K.S.A. 79-503a, and amendments thereto, multiplied by: (1) In the case of a sale, a fraction the numerator of which is the number of months, or major portion thereof, such vessel was owned by the record owner thereof during the taxable year in which such vessel was sold, and the denominator of which is 12; and (2) in the case of an acquisition, a fraction the numerator of which is the number of months, or major portion thereof, remaining in the taxable year after the date of acquisition by the record owner thereof, and the denominator of which is 12.

(b) Notice of the acquisition or sale of any such vessel shall be provided by the record owner thereof to the appropriate county appraiser within 30 days after such acquisition or sale. Upon receipt of such notice, and after computation of the value of any such vessel in accordance with the provision of subsection (a), a notification or revised notification of value shall be mailed to the taxpayer.

(c) Vessels acquired after September 1 of a taxable year shall not be subject to assessment and taxation for such year, except as provided by paragraph (1) of subsection (a).

(d) The provisions of this section shall apply to all taxable years commencing after December 31, 2002.

Sec. 34. K.S.A. 12-187 is hereby amended to read as follows: 12-187. (a) (1) No city shall impose a retailers' sales tax under the provisions of this act without the governing body of such city having first submitted such proposition to and having received the approval of a majority of the electors of the city voting thereon at an election called and held therefor. The governing body of any city may submit the question of imposing a retailers' sales tax and the governing body shall be required to submit the question upon submission of a petition signed by electors of such city equal in number to not less than 10% of the electors of such city.

(2) The governing body of any class B city located in any county which does not impose a countywide retailers' sales tax pursuant to paragraph (5) of subsection (b) may submit the question of imposing a retailers' sales tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include but not be limited to the following: Local health departments, city, county or district hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home health care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(b) (1) The board of county commissioners of any county may submit the question of imposing a countywide retailers' sales tax to the electors at an election called and held thereon, and any such board shall be required to submit the question upon submission of a petition signed by electors of such county equal in number to not less than 10% of the electors of such county who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than $\frac{2}{3}$ of the membership of the governing body of each of one or more cities within such county which contains a population of not less than 25% of the entire population of the county, or upon receiving resolutions requesting such an election passed by $\frac{2}{3}$ of the membership of the governing body of each of one or more taxing subdivisions within such county which levy not less than 25% of the property taxes levied by all taxing subdivisions within the county.

(2) The board of county commissioners of *Anderson*, Atchison, Barton, Butler, Cowley, Cherokee, Crawford, Ford, Jefferson, Lyon, Montgomery, Neosho, Osage, Ottawa, Riley, Saline, Seward, Wabaunsee, Wilson and Wyandotte counties may submit the question of imposing a countywide retailers' sales tax and pledging the revenue received therefrom for the purpose of financing the construction or remodeling of a courthouse, jail, law enforcement center facility or other county administrative facility, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire when sales tax sufficient to pay all of the costs incurred in the financing of such facility has been collected by retailers as determined by the secretary of revenue. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Butler, Cowley, Lyon, Montgomery, Neosho, Riley or Wilson county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189, and amendments thereto.

(3) (A) Except as otherwise provided in this paragraph, the result of the election held on November 8, 1988, on the question submitted by the board of county commissioners of Jackson county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the Banner Creek reservoir project. The tax imposed pursuant to this paragraph shall take effect on the effective date of this act and shall expire not later than five years after such date.

(B) The result of the election held on November 8, 1994, on the question submitted by the board of county commissioners of Ottawa county for the purpose of increasing its countywide retailers' sales tax by 1% is hereby declared valid, and the revenue received therefrom by the county shall be expended solely for the purpose of financing the erection, construction and furnishing of a law enforcement center and jail facility.

(4) The board of county commissioners of Finney and Ford counties may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing all or any portion of the cost to be paid by Finney or Ford county for construction of highway projects identified as system enhancements under the provisions of paragraph (5) of subsection (b) of K.S.A. 68-2314, and amendments thereto, to the electors at an election called and held thereon. Such election shall be called and held in the manner provided by the general bond law. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Finney or Ford county pursuant to this paragraph to exceed the maximum rate prescribed in K.S.A. 12-189, and amendments thereto. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Finney county, the state treasurer shall remit such funds to the treasurer of Finney county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund. If any funds remain upon the payment of all costs authorized pursuant to this paragraph in the financing of such highway projects in Ford county, the state treasurer shall remit such funds to the treasurer of Ford county and upon receipt of such moneys shall be deposited to the credit of the county road and bridge fund.

(5) The board of county commissioners of any county may submit the question of imposing a retailers' sales tax at the rate of .25%, .5%, .75% or 1% and pledging the revenue

received therefrom for the purpose of financing the provision of health care services, as enumerated in the question, to the electors at an election called and held thereon. Whenever any county imposes a tax pursuant to this paragraph, any tax imposed pursuant to paragraph (2) of subsection (a) by any city located in such county shall expire upon the effective date of the imposition of the countywide tax, and thereafter the state treasurer shall remit to each such city that portion of the countywide tax revenue collected by retailers within such city as certified by the director of taxation. The tax imposed pursuant to this paragraph shall be deemed to be in addition to the rate limitations prescribed in K.S.A. 12-189, and amendments thereto. As used in this paragraph, health care services shall include but not be limited to the following: Local health departments, city or county hospitals, city or county nursing homes, preventive health care services including immunizations, prenatal care and the postponement of entry into nursing homes by home care services, mental health services, indigent health care, physician or health care worker recruitment, health education, emergency medical services, rural health clinics, integration of health care services, home health services and rural health networks.

(6) The board of county commissioners of Allen county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% and pledging the revenue received therefrom for the purpose of financing the costs of operation and construction of a solid waste disposal area or the modification of an existing landfill to comply with federal regulations to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire upon the payment of all costs incurred in the financing of the project undertaken. Nothing in this paragraph shall be construed to allow the rate of tax imposed by Allen county pursuant to this paragraph to exceed or be imposed at any rate other than the rates prescribed in K.S.A. 12-189 and amendments thereto.

(7) The board of county commissioners of Clay, Dickinson and Miami county may submit the question of imposing a countywide retailers' sales tax at the rate of .50% in the case of Clay and Dickinson county and at a rate of up to 1% in the case of Miami county, and pledging the revenue received therefrom for the purpose of financing the costs of roadway construction and improvement to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(8) The board of county commissioners of Sherman county may submit the question of imposing a countywide retailers' sales tax at the rate of .25%, .5% or .75% and pledging the revenue therefrom for the purpose of financing the costs of the county roads 64 and 65 construction and improvement project. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized pursuant to this paragraph in the financing of such project.

(9) The board of county commissioners of Cowley, Russell and Woodson county may submit the question of imposing a countywide retailers' sales tax at the rate of .5% in the case of Russell and Woodson county and at a rate of up to .25%, in the case of Cowley county and pledging the revenue received therefrom for the purpose of financing economic development initiatives or public infrastructure projects. The tax imposed pursuant to this paragraph shall expire after five years from the date such tax is first collected.

(10) The board of county commissioners of Franklin county may submit the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of financing recreational facilities. The tax imposed pursuant to this paragraph shall expire upon payment of all costs authorized in financing such facilities.

(11) *The board of county commissioners of Douglas county may submit to the question of imposing a countywide retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purposes of preservation, access and management of open space, and for industrial and business park related economic development.*

(c) The boards of county commissioners of any two or more contiguous counties, upon adoption of a joint resolution by such boards, may submit the question of imposing a retailers' sales tax within such counties to the electors of such counties at an election called and held thereon and such boards of any two or more contiguous counties shall be required to submit such question upon submission of a petition in each of such counties, signed by

a number of electors of each of such counties where submitted equal in number to not less than 10% of the electors of each of such counties who voted at the last preceding general election for the office of secretary of state, or upon receiving resolutions requesting such an election passed by not less than $\frac{2}{3}$ of the membership of the governing body of each of one or more cities within each of such counties which contains a population of not less than 25% of the entire population of each of such counties, or upon receiving resolutions requesting such an election passed by $\frac{2}{3}$ of the membership of the governing body of each of one or more taxing subdivisions within each of such counties which levy not less than 25% of the property taxes levied by all taxing subdivisions within each of such counties.

(d) Any city retailers' sales tax in the amount of .5% being levied by a city on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax or until repealed by the adoption of an ordinance so providing. In addition to any city retailers' sales tax being levied by a city on July 1, 1990, any such city may adopt an additional city retailers' sales tax in the amount of .25% or .5%, provided that such additional tax is adopted and approved in the manner provided for the adoption and approval of a city retailers' sales tax. Any countywide retailers' sales tax in the amount of .5% or 1% in effect on July 1, 1990, shall continue in effect until repealed in the manner provided herein for the adoption and approval of such tax.

(e) A class D city shall have the same power to levy and collect a city retailers' sales tax that a class A city is authorized to levy and collect and in addition, the governing body of any class D city may submit the question of imposing an additional city retailers' sales tax in the amount of .125%, .25%, .5% or .75% and pledging the revenue received therefrom for economic development initiatives, strategic planning initiatives or for public infrastructure projects including buildings to the electors at an election called and held thereon. Any additional sales tax imposed pursuant to this paragraph shall expire no later than five years from the date of imposition thereof, except that any such tax imposed by any class D city after the effective date of this act shall expire no later than 10 years from the date of imposition thereof.

(f) Any city or county proposing to adopt a retailers' sales tax shall give notice of its intention to submit such proposition for approval by the electors in the manner required by K.S.A. 10-120, and amendments thereto. The notices shall state the time of the election and the rate and effective date of the proposed tax. If a majority of the electors voting thereon at such election fail to approve the proposition, such proposition may be resubmitted under the conditions and in the manner provided in this act for submission of the proposition. If a majority of the electors voting thereon at such election shall approve the levying of such tax, the governing body of any such city or county shall provide by ordinance or resolution, as the case may be, for the levy of the tax. Any repeal of such tax or any reduction or increase in the rate thereof, within the limits prescribed by K.S.A. 12-189, and amendments thereto, shall be accomplished in the manner provided herein for the adoption and approval of such tax except that the repeal of any such city retailers' sales tax may be accomplished by the adoption of an ordinance so providing.

(g) The sufficiency of the number of signers of any petition filed under this section shall be determined by the county election officer. Every election held under this act shall be conducted by the county election officer.

(h) The governing body of the city or county proposing to levy any retailers' sales tax shall specify the purpose or purposes for which the revenue would be used, and a statement generally describing such purpose or purposes shall be included as a part of the ballot proposition.

Sec. 35. K.S.A. 12-189 is hereby amended to read as follows: 12-189. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate of any class A, class B or class C city retailers' sales tax shall be fixed in the amount of .25%, .5%, .75% or 1% which amount shall be determined by the governing body of the city. Except as otherwise provided by paragraph (2) of subsection (a) of K.S.A. 12-187, and amendments thereto, the rate of any class D city retailers' sales tax shall be fixed in the amount of .10%, .25%, .5%, .75%, 1%, 1.125%, 1.25%, 1.5% or 1.75%. The rate of any countywide retailers' sales tax shall be fixed in an amount of either .25%, .5%,

.75% or 1% which amount shall be determined by the board of county commissioners, except that:

(a) The board of county commissioners of Wabaunsee county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%; the board of county commissioners of Osage county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25% or 1.5%; the board of county commissioners of Cherokee, Crawford, Ford, Saline, Seward or Wyandotte county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%, the board of county commissioners of Atchison county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5% or 1.75% and the board of county commissioners of Anderson, Barton, Jefferson or Ottawa county, for the purposes of paragraph (2) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;

(b) the board of county commissioners of Jackson county, for the purposes of paragraph (3) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 2%;

(c) the boards of county commissioners of Finney and Ford counties, for the purposes of paragraph (4) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at .25%;

(d) the board of county commissioners of any county for the purposes of paragraph (5) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners on the effective date of this act plus .25%, .5%, .75% or 1%, as the case requires;

(e) the board of county commissioners of Dickinson county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%, and the board of county commissioners of Miami county, for the purposes of paragraph (7) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%, 1.5%, 1.75% or 2%;

(f) the board of county commissioners of Sherman county, for the purposes of paragraph (8) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%, 1.75% or 2%;

(g) the board of county commissioners of Russell county for the purposes of paragraph (9) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.5%;

or

(h) the board of county commissioners of Franklin county, for the purposes of paragraph (10) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.75%; or

(i) *the board of county commissioners of Douglas county, for the purposes of paragraph (11) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at 1.25%.*

Any county or city levying a retailers' sales tax is hereby prohibited from administering or collecting such tax locally, but shall utilize the services of the state department of revenue to administer, enforce and collect such tax. Except as otherwise specifically provided in K.S.A. 12-189a, and amendments thereto, such tax shall be identical in its application, and exemptions therefrom, to the Kansas retailers' sales tax act and all laws and administrative rules and regulations of the state department of revenue relating to the Kansas retailers' sales tax shall apply to such local sales tax insofar as such laws and rules and regulations may be made applicable. The state director of taxation is hereby authorized to administer, enforce and collect such local sales taxes and to adopt such rules and regulations as may be necessary for the efficient and effective administration and enforcement thereof.

Upon receipt of a certified copy of an ordinance or resolution authorizing the levy of a local retailers' sales tax, the director of taxation shall cause such taxes to be collected within or without the boundaries of such taxing subdivision at the same time and in the same manner provided for the collection of the state retailers' sales tax. Such copy shall be submitted to the director of taxation within 30 days after adoption of any such ordinance or resolution. All moneys collected by the director of taxation under the provisions of this section shall be credited to a county and city retailers' sales tax fund which fund is hereby established in the state treasury. Any refund due on any county or city retailers' sales tax

collected pursuant to this act shall be paid out of the sales tax refund fund and reimbursed by the director of taxation from collections of local retailers' sales tax revenue. Except for local retailers' sales tax revenue required to be deposited in the redevelopment bond fund established under K.S.A. 2001 Supp. 74-8927, and amendments thereto, all local retailers' sales tax revenue collected within any county or city pursuant to this act shall be apportioned and remitted at least quarterly by the state treasurer, on instruction from the director of taxation, to the treasurer of such county or city.

Revenue that is received from the imposition of a local retailers' sales tax which exceeds the amount of revenue required to pay the costs of a special project for which such revenue was pledged shall be credited to the city or county general fund, as the case requires.

The director of taxation shall provide, upon request by a city or county clerk or treasurer of any city or county levying a local retailers' sales tax, monthly reports identifying each retailer having a place of business in such city or county setting forth the tax liability and the amount of such tax remitted by each retailer during the preceding month and identifying each business location maintained by the retailer within such city or county. Such report shall be made available to the clerk or treasurer of such city or county within a reasonable time after it has been requested from the director of taxation. The director of taxation shall be allowed to assess a reasonable fee for the issuance of such report. Information received by any city or county pursuant to this section shall be confidential, and it shall be unlawful for any officer or employee of such city or county to divulge any such information in any manner. Any violation of this paragraph by a city or county officer or employee is a class B misdemeanor, and such officer or employee shall be dismissed from office.

New Sec. 36. On or before September 1, 2002, the director of property valuation of the department of revenue shall issue and submit a report pertaining to the interpretation and implementation of the provisions of K.S.A. 79-1476, and amendments thereto, relating to the procedures of valuation of land devoted to agriculture use. Such report shall include a summary of changes in each class of land which have been implemented within the past 10 years, when the change was made, and an explanation of the rationale for each such change. Such report shall be submitted to the following: The governor, the legislative coordinating council, the house taxation committee and the senate assessment and taxation committee, and shall be made available to the public on the internet.

Sec. 37. K.S.A. 2001 Supp. 79-1476 is hereby amended to read as follows: 79-1476. The director of property valuation is hereby directed and empowered to administer and supervise a statewide program of reappraisal of all real property located within the state. Except as otherwise authorized by K.S.A. 19-428, and amendments thereto, each county shall comprise a separate appraisal district under such program, and the county appraiser shall have the duty of reappraising all of the real property in the county pursuant to guidelines and timetables prescribed by the director of property valuation and of updating the same on an annual basis. In the case of multi-county appraisal districts, the district appraiser shall have the duty of reappraising all of the real property in each of the counties comprising the district pursuant to such guidelines and timetables and of updating the same on an annual basis. Commencing in 2000, every parcel of real property shall be actually viewed and inspected by the county or district appraiser once every six years. Any county or district appraiser shall be deemed to be in compliance with the foregoing requirement in any year if 17% or more of the parcels in such county or district are actually viewed and inspected.

Compilation of data for the initial preparation or updating of inventories for each parcel of real property and entry thereof into the state computer system as provided for in K.S.A. 79-1477, and amendments thereto, shall be completed not later than January 1, 1989. Whenever the director determines that reappraisal of all real property within a county is complete, notification thereof shall be given to the governor and to the state board of tax appeals.

Valuations shall be established for each parcel of real property at its fair market value in money in accordance with the provisions of K.S.A. 79-503a, and amendments thereto.

In addition thereto valuations shall be established for each parcel of land devoted to agricultural use upon the basis of the agricultural income or productivity attributable to the inherent capabilities of such land in its current usage under a degree of management reflecting median production levels in the manner hereinafter provided. A classification system for all land devoted to agricultural use shall be adopted by the director of property valuation

using criteria established by the United States department of agriculture soil conservation service. For all taxable years commencing after December 31, 1989, all land devoted to agricultural use which is subject to the federal conservation reserve program shall be classified as cultivated dry land for the purpose of valuation for property tax purposes pursuant to this section. For all taxable years commencing after December 31, 1999, all land devoted to agricultural use which is subject to the federal wetlands reserve program shall be classified as native grassland for the purpose of valuation for property tax purposes pursuant to this section. Productivity of land devoted to agricultural use shall be determined for all land classes within each county or homogeneous region based on an average of the eight calendar years immediately preceding the calendar year which immediately precedes the year of valuation, at a degree of management reflecting median production levels. The director of property valuation shall determine median production levels based on information available from state and federal crop and livestock reporting services, the soil conservation service, and any other sources of data that the director considers appropriate.

The share of net income from land in the various land classes within each county or homogeneous region which is normally received by the landlord shall be used as the basis for determining agricultural income for all land devoted to agricultural use except pasture or rangeland. The net income normally received by the landlord from such land shall be determined by deducting expenses normally incurred by the landlord from the share of the gross income normally received by the landlord. The net rental income normally received by the landlord from pasture or rangeland within each county or homogeneous region shall be used as the basis for determining agricultural income from such land. The net rental income from pasture and rangeland which is normally received by the landlord shall be determined by deducting expenses normally incurred from the gross income normally received by the landlord. Commodity prices, crop yields and pasture and rangeland rental rates and expenses shall be based on an average of the eight calendar years immediately preceding the calendar year which immediately precedes the year of valuation. Net income for every land class within each county or homogeneous region shall be capitalized at a rate determined to be the sum of the contract rate of interest on new federal land bank loans in Kansas on July 1 of each year averaged over a five-year period which includes the five years immediately preceding the calendar year which immediately precedes the year of valuation, plus a percentage not less than .75% nor more than 2.75%, as determined by the director of property valuation, *except that the capitalization rate calculated for property tax year 2003, and all such years thereafter, shall not be less than 11% nor more than 12%.*

Based on the foregoing procedures the director of property valuation shall make an annual determination of the value of land within each of the various classes of land devoted to agricultural use within each county or homogeneous region and furnish the same to the several county appraisers who shall classify such land according to its current usage and apply the value applicable to such class of land according to the valuation schedules prepared and adopted by the director of property valuation under the provisions of this section.

It is the intent of the legislature that appraisal judgment and appraisal standards be followed and incorporated throughout the process of data collection and analysis and establishment of values pursuant to this section.

For the purpose of the foregoing provisions of this section the phrase "land devoted to agricultural use" shall mean and include land, regardless of whether it is located in the unincorporated area of the county or within the corporate limits of a city, which is devoted to the production of plants, animals or horticultural products, including but not limited to: Forages; grains and feed crops; dairy animals and dairy products; poultry and poultry products; beef cattle, sheep, swine and horses; bees and apiary products; trees and forest products; fruits, nuts and berries; vegetables; nursery, floral, ornamental and greenhouse products. Land devoted to agricultural use shall not include those lands which are used for recreational purposes, other than that land established as a controlled shooting area pursuant to K.S.A. 32-943, and amendments thereto, which shall be deemed to be land devoted to agricultural use, suburban residential acreages, rural home sites or farm home sites and yard plots whose primary function is for residential or recreational purposes even though such properties may produce or maintain some of those plants or animals listed in the foregoing definition.

The term "expenses" shall mean those expenses typically incurred in producing the plants, animals and horticultural products described above including management fees, production costs, maintenance and depreciation of fences, irrigation wells, irrigation laterals and real estate taxes, but the term shall not include those expenses incurred in providing temporary or permanent buildings used in the production of such plants, animals and horticultural products.

The provisions of this act shall not be construed to conflict with any other provisions of law relating to the appraisal of tangible property for taxation purposes including the equalization processes of the county and state board of tax appeals.

Sec. 38. K.S.A. 2001 Supp. 79-32,205 is hereby amended to read as follows: 79-32,205.

(a) There shall be allowed as a credit against the tax liability of a resident individual imposed under the Kansas income tax act an amount equal to ~~10%~~ 15% for tax year ~~1998~~ 2002, and all tax years thereafter, of the amount of the earned income credit allowed against such taxpayer's federal income tax liability pursuant to section 32 of the federal internal revenue code for the taxable year in which such credit was claimed against the taxpayer's federal income tax liability.

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

~~(c) The provisions of this section shall be applicable to all taxable years commencing after December 31, 1997.~~

Sec. 39. On and after July 1, 2002, K.S.A. 2001 Supp. 17-2036 is hereby amended to read as follows: 17-2036. Every business trust shall make an annual report in writing to the secretary of state, showing its financial condition at the close of business on the last day of its tax period under the Kansas income tax act next preceding the date of filing, but if a business trust's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The reports shall be made on forms provided by the secretary of state and shall be filed at the time prescribed by law for filing the business trust's annual Kansas income tax return, except that if any such business trust shall receive an extension of time for filing its annual income tax return from the internal revenue service or pursuant to subsection (c) of K.S.A. 79-3221, and amendments thereto, the time for filing the report hereunder shall be extended, correspondingly, upon filing with the secretary of state a copy of the extension granted by the internal revenue service or the director of taxation. The report shall contain the following:

(a) Executed copies of all amendments to the instrument by which the business trust was created, or to prior amendments thereto, which have been adopted and have not theretofore been filed under K.S.A. 17-2033, and amendments thereto, and accompanied by the fee prescribed therein for each such amendment;

(b) a verified list of the names and addresses of its trustees as of the end of its tax period; and

(c) a balance sheet as of the end of its tax period, certified by the trustee, fairly and truly reflecting its assets and liabilities and specifically setting out its corpus, and, in the case of a foreign business trust, fairly and truly reflecting an allocation of its moneys and other assets as between those located, used, or to be used in this state and those located, used or to be used elsewhere.

At the time of filing its annual report, the business trust shall pay to the secretary of state an annual franchise tax in an amount equal to ~~\$1~~ \$2 for each \$1,000 of its corpus as shown by its balance sheet, or, in the case of a foreign business trust, in an amount equal to ~~\$1~~ \$2 for each \$1,000 of that portion of its corpus which is located in or which it uses or intends to use in this state as shown by its balance sheet, except that in any case no such tax shall be less than ~~\$20~~ \$40 nor more than ~~\$2,500~~ \$5,000.

The failure of any domestic or foreign business trust to file its annual report and pay its annual franchise tax within 90 days from the date on which they are due, as aforesaid, shall work a forfeiture of its authority to transact business in this state and all of the remedies, procedures, and penalties specified in K.S.A. 17-7509 and 17-7510, and amendments thereto, with respect to a corporation which fails to file its annual report or pay its annual franchise tax within 90 days after they are due, shall be applicable to such business trust.

Sec. 40. On and after July 1, 2002, K.S.A. 17-4634 is hereby amended to read as follows: 17-4634. (a) Every corporation organized under the electric cooperative act of this state shall make an annual report in writing to the secretary of state, showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if any such corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The report shall be filed on or before the fifteenth day of the fourth month following the close of the tax year of the electric cooperative. An extension for filing the annual report may be granted upon the filing of a written application with the secretary of state prior to the due date of the report, except that no such extension may be granted for a period of more than ninety (90) days. The report shall be made on a form provided by the secretary of state, containing the following information:

- (1) The name of the corporation;
 - (2) The location of the principal office;
 - (3) The name of the president, secretary and treasurer and the names of directors with the residence address of each;
 - (4) The number of memberships issued;
 - (5) A balance sheet showing the financial condition of the corporation at the close of business on the last day of its tax period next preceding the date of filing; and
 - (6) The change or changes, if any, in the particulars made since the last annual report.
- (b) Such reports shall be signed by the president, vice-president or secretary of the corporation, sworn to before an officer duly authorized to administer oaths and forwarded to the secretary of state. At the time of filing such annual report, each such corporation shall pay an annual franchise tax of ~~twenty dollars (\$20)~~ \$40.

Sec. 41. On and after July 1, 2002, K.S.A. 2001 Supp. 17-7503 is hereby amended to read as follows: 17-7503. (a) Every domestic corporation organized for profit shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The reports shall be made on forms prescribed by the secretary of state. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall apply for an extension of time for filing its annual income tax return under the internal revenue service or under subsection (c) of K.S.A. 79-3221, and amendments thereto, such corporation shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing the report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. Such application shall include a copy of the application to income tax authorities. The report shall contain the following information:

- (1) The name of the corporation;
 - (2) the location of the principal office;
 - (3) the names of the president, secretary, treasurer and members of the board of directors, with the residence address of each;
 - (4) the number of shares of capital stock issued and the amount of capital stock paid up;
 - (5) the nature and kind of business in which the corporation is engaged; and
 - (6) a list of stockholders owning at least 5% of the capital stock of the corporation, with the post office address of each.
- (b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:
- (1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;
 - (2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under provision (5), state separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

(c) The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report will be dated and subscribed by the person as true, under penalty of perjury. At the time of filing such annual report it shall be the duty of each domestic corporation organized for profit to pay to the secretary of state an annual franchise tax in an amount equal to ~~\$1~~ \$2 for each \$1,000 of the corporation's shareholder's equity attributable to Kansas, except that no such tax shall be less than ~~\$20~~ \$40 or more than ~~\$2,500~~ \$5,000. The amount of any such franchise tax paid by the corporation to the secretary as provided by this subsection shall not be disclosed by the secretary.

Sec. 42. On and after July 1, 2002, K.S.A. 2001 Supp. 17-7504 is hereby amended to read as follows: 17-7504. (a) Every corporation organized not for profit shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation's tax period is other than the calendar year, it shall give notice thereof to the secretary of state prior to December 31 of the year it commences such tax period. The reports shall be made on forms prescribed by the secretary of state. The report shall be filed on the 15th day of the sixth month following the close of the taxable year, except that such corporation may apply to the secretary of state not more than 90 days after the due date of its annual report for an extension of the time for filing the report, and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. The report shall contain the following information:

(1) The name of the corporation;

(2) the location of the principal office;

(3) the names of the president, secretary and treasurer, and the members of the board of directors, with the residence address of each;

(4) the number of memberships or the number of shares of capital stock issued and the amount of capital stock paid up.

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

(1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;

(2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;

(3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;

(4) the total number of stockholders of the corporation;

(5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under paragraph (5) of this subsection (b), stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

(c) The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report will be dated and subscribed by the person as true, under penalty of perjury. At the time of filing such report, each nonprofit corporation shall pay an annual privilege fee of \$5, ~~except that the annual fee for tax periods ending after December 31, 1992, shall be \$20~~ \$40 for all tax years commencing after December 31, 2001.

Sec. 43. On and after July 1, 2002, K.S.A. 2001 Supp. 17-7505 is hereby amended to read as follows: 17-7505. (a) Every foreign corporation organized for profit, or organized under the cooperative type statutes of the state, territory or foreign country of incorporation, now or hereafter doing business in this state, and owning or using a part or all of its capital in this state, and subject to compliance with the laws relating to the admission of foreign corporations to do business in Kansas, shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the corporation at the close of business on the last day of its tax period next preceding the date of filing, but if a corporation operates on a fiscal year other than the calendar year it shall give written notice thereof to the secretary of state prior to December 31 of the year commencing such fiscal year. The report shall be made on a form prescribed by the secretary of state. The report shall be filed at the time prescribed by law for filing the corporation's annual Kansas income tax return, except that if any such corporation shall apply for an extension of time for filing its annual income tax return under the internal revenue service or under subsection (c) of K.S.A. 79-3221, and amendments thereto, such corporation shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing the report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221, and amendments thereto. Such application shall include a copy of the application to income tax authorities. The report shall contain the following facts:

- (1) The name of the corporation and under the laws of what state or country organized;
- (2) the location of its principal office;
- (3) the names of the president, secretary, treasurer and members of the board of directors, with the residence address of each;
- (4) the number of shares of capital stock issued and the amount of capital stock paid up;
- (5) the nature and kind of business in which the company is engaged and its place or places of business both within and without the state of Kansas;
- (6) the value of the property owned and used by the company in Kansas, where situated, and the value of the property owned and used outside of Kansas and where situated; and
- (7) the corporation's shareholder's equity attributable to Kansas.

(b) Every corporation subject to the provisions of this section which holds agricultural land, as defined in K.S.A. 17-5903, and amendments thereto, within this state shall show the following additional information on the report:

- (1) The acreage and location listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by or to the corporation;
- (2) the purposes for which such agricultural land is owned or leased and, if leased, to whom such agricultural land is leased;
- (3) the value of the nonagricultural assets and the agricultural assets, stated separately, owned and controlled by the corporation both within and without the state of Kansas and where situated;
- (4) the total number of stockholders of the corporation;
- (5) the number of acres owned or operated by the corporation, the number of acres leased by the corporation and the number of acres leased to the corporation;

(6) the number of acres of agricultural land, held and reported in each category under paragraph (5) of this subsection (b), stated separately, being irrigated; and

(7) whether any of the agricultural land held and reported under this subsection was acquired after July 1, 1981.

The report shall be signed by its president, secretary, treasurer or other officer duly authorized so to act, or by any two of its directors, or by an incorporator in the event its board of directors shall not have been elected. The fact that an individual's name is signed on such report shall be prima facie evidence that such individual is authorized to sign the report on behalf of the corporation; however, the official title or position of the individual signing the report shall be designated. This report will be dated and subscribed by the person as true, under penalty of perjury. At the time of filing its annual report, each such foreign corporation shall pay to the secretary of state an annual franchise tax in an amount equal to ~~the~~ \$2 for each \$1,000 of the corporation's shareholder's equity attributable to Kansas, except that no such tax shall be less than ~~\$20~~ \$40 or more than ~~\$2,500~~ \$5,000. The amount of any such franchise tax paid by the foreign corporation to the secretary as provided by this subsection shall not be disclosed by the secretary.

Sec. 44. On and after July 1, 2002, K.S.A. 2001 Supp. 17-76,139 is hereby amended to read as follows: 17-76,139. (a) Every limited liability company organized under the laws of this state shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the limited liability company at the close of business on the last day of its tax period next preceding the date of filing. If the limited liability company's tax period is other than the calendar year, it shall give notice of its different tax period in writing to the secretary of state prior to December 31 of the year it commences the different tax period. The annual report shall be filed at the time prescribed by law for filing the limited liability company's annual Kansas income tax return. If the limited liability company applies for an extension of time for filing its annual income tax return under the internal revenue code, the limited liability company shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code. The application shall include a copy of the application to income tax authorities. The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the following information:

- (1) The name of the limited liability company; and
- (2) a list of the members owning at least 5% of the capital of the company, with the post office address of each.

(b) Every foreign limited liability company shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the limited liability company at the close of business on the last day of its tax period next preceding the date of filing. If the limited liability company's tax period is other than the calendar year, it shall give notice in writing of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period. The annual report shall be filed at the time prescribed by law for filing the limited liability company's annual Kansas income tax return. If the limited liability company applies for an extension of time for filing its annual income tax return under the internal revenue code, the limited liability company also shall apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code. The application shall include a copy of the application to income tax authorities. The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the name of the limited liability company.

(c) The annual report required by this section shall be signed by a member of the limited liability company and forwarded to the secretary of state. At the time of filing the report, the limited liability company shall pay to the secretary of state an annual franchise tax in an amount equal to ~~the~~ \$2 for each \$1,000 of the net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, or for a one-member LLC taxed as a sole proprietorship, ~~the~~ \$2 for each \$1,000 of net book value of the LLC as calculated on an income tax basis located

in or used in this state at the end of the preceding taxable year, except that no annual tax shall be less than ~~\$20~~ \$40 or more than ~~\$2,500~~ \$5,000. The amount of any such franchise tax paid by the limited liability company to the secretary as provided by this subsection shall not be disclosed by the secretary.

(d) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, shall be applicable to the articles of organization of any domestic limited liability company or to the authority of any foreign limited liability company which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the articles of organization of a domestic limited liability company or the authority of any foreign limited liability company are forfeited for failure to file an annual report or to pay the required franchise tax, the domestic limited liability company or the authority of a foreign limited liability company may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.

(e) When reinstatement is effective, it relates back to and takes effect as of the effective date of the forfeiture and the company may resume its business as if the forfeiture had never occurred.

(f) No limited liability company shall be required to file its first annual report under this act, or pay any annual franchise tax required to accompany such report, unless such limited liability company has filed its articles of organization or application for authority at least six months prior to the last day of its tax period. If any limited liability company files with the secretary of state a notice of change in its tax period and the next annual report filed by such limited liability company subsequent to such notice is based on a tax period of less than 12 months, the annual tax liability shall be determined by multiplying the annual franchise tax liability for such year by a fraction, the numerator of which is the number of months or any portion thereof covered by the annual report and the denominator of which is 12, except that the tax shall not be less than ~~\$20~~ \$40.

Sec. 45. On and after July 1, 2002, K.S.A. 17-7507 is hereby amended to read as follows: 17-7507. No corporation shall be required to file its first annual report under this act, or pay any annual franchise tax required to accompany such report, unless such corporation has filed its articles of incorporation or certificate of good standing at least six months prior to the last day of its tax period. If any corporation shall file with the secretary of state a notice of change in its tax period, and the next annual report filed by such corporation subsequent to such notice is based on a tax period of less than 12 months. The annual tax liability shall be determined by multiplying the annual franchise tax liability for such year by a fraction the numerator of which is the number of months, or any portion thereof, covered by the annual report and the denominator of which is 12. Notwithstanding the foregoing, the minimum annual franchise tax shall be ~~\$20~~. ~~This section shall be applicable to all annual reports filed by corporations with tax periods ending after November 30, 1987~~ \$40.

Sec. 46. On and after July 1, 2002, K.S.A. 2001 Supp. 56-1a606 is hereby amended to read as follows: 56-1a606. (a) Every limited partnership organized under the laws of this state shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the limited partnership at the close of business on the last day of its tax period next preceding the date of filing. If the limited partnership's tax period is other than the calendar year, it shall give notice of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period. The annual report shall be filed at the time prescribed by law for filing the limited partnership's annual Kansas income tax return. If the limited partnership applies for an extension of time for filing its annual income tax return under the internal revenue code or under K.S.A. 79-3221 and amendments thereto, the limited partnership shall also apply, not more than 90 days after

the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221 and amendments thereto. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the following information:

(1) The name of the limited partnership; and
(2) a list of the partners owning at least 5% of the capital of the partnership, with the post office address of each.

(c) Every limited partnership subject to the provisions of this section which is a limited corporate partnership, as defined in K.S.A. 17-5903 and amendments thereto, and which holds agricultural land, as defined in K.S.A. 17-5903 and amendments thereto, within this state shall show the following additional information on the report:

(1) The number of acres and location, listed by section, range, township and county of each lot, tract or parcel of agricultural land in this state owned or leased by the limited partnership; and

(2) whether any of the agricultural land held and reported under subsection (c)(1) was acquired after July 1, 1981.

(d) The annual report shall be signed by the general partner or partners of the limited partnership, sworn to before an officer duly authorized to administer oaths and forwarded to the secretary of state. At the time of filing the report, the limited partnership shall pay to the secretary of state an annual franchise tax in an amount equal to ~~\$1~~ \$2 for each \$1,000 of the partners' net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, except that no annual tax shall be less than ~~\$20~~ \$40 or more than ~~\$2,500~~ \$5,000. The amount of any such franchise tax paid by the limited partnership to the secretary as provided by this subsection shall not be disclosed by the secretary.

(e) The provisions of K.S.A. 17-7509 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510 and amendments thereto, relating to forfeiture of a domestic corporation's articles of incorporation for failure to file an annual report or pay the required franchise tax, shall be applicable to the certificate of partnership of any limited partnership which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the certificate of partnership of a limited partnership is forfeited for failure to file an annual report or to pay the required franchise tax, the limited partnership may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506 and amendments thereto for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.

Sec. 47. On and after July 1, 2002, K.S.A. 2001 Supp. 56-1a607 is hereby amended to read as follows: 56-1a607. (a) Every foreign limited partnership shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the limited partnership at the close of business on the last day of its tax period next preceding the date of filing. If the limited partnership's tax period is other than the calendar year, it shall give notice of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period. The annual report shall be filed at the time prescribed by law for filing the limited partnership's annual Kansas income tax return. If the limited partnership applies for an extension of time for filing its annual income tax return under the internal revenue code or under K.S.A. 79-3221 and amendments thereto, the limited partnership shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code or K.S.A. 79-3221 and amendments thereto. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the name of the limited partnership.

(c) Every foreign limited partnership subject to the provisions of this section which is a limited corporate partnership, as defined in K.S.A. 17-5903 and amendments thereto, and which holds agricultural land, as defined in K.S.A. 17-5903 and amendments thereto, within this state shall show the following additional information on the report:

(1) The number of acres and location, listed by section, range, township and county of agricultural land in this state owned or leased by the limited partnership; and

(2) whether any of the agricultural land held and reported under subsection (c)(1) was acquired after July 1, 1981.

(d) The annual report shall be signed by the general partner or partners of the limited partnership, sworn to before an officer duly authorized to administer oaths and forwarded to the secretary of state. At the time of filing the report, the foreign limited partnership shall pay to the secretary of state an annual franchise tax in an amount equal to ~~\$1~~ \$2 for each \$1,000 of the partners' net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, except that no annual tax shall be less than ~~\$20~~ \$40 or more than ~~\$2,500~~ \$5,000. The amount of any such franchise tax paid by the limited partnership to the secretary as provided by this subsection shall not be disclosed by the secretary.

(e) The provisions of K.S.A. 17-7509 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (b) of K.S.A. 17-7510 and amendments thereto, relating to forfeiture of a foreign corporation's authority to do business in this state for failure to file an annual report or pay the required franchise tax, shall be applicable to the authority of any foreign limited partnership which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the authority of a foreign limited partnership to do business in this state is forfeited for failure to file an annual report or to pay the required franchise tax, the foreign limited partnership's authority to do business in this state may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506 and amendments thereto for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.

Sec. 48. On and after July 1, 2002, K.S.A. 2001 Supp. 56a-1201 is hereby amended to read as follows: 56a-1201. (a) Every limited liability partnership organized under the laws of this state shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the limited liability partnership at the close of business on the last day of its tax period next preceding the date of filing. If the limited liability partnership's tax period is other than the calendar year, it shall give notice of its different tax period in writing to the secretary of state prior to December 31 of the year it commences the different tax period. The annual report shall be filed at the time prescribed by law for filing the limited liability partnership's annual Kansas income tax return. If the limited liability partnership applies for an extension of time for filing its annual income tax return under the internal revenue code, the limited liability partnership shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the following information:

(1) The name of the limited liability partnership; and

(2) a list of the partners owning at least 5% of the capital of the partnership, with the post office address of each.

(c) The annual report shall be signed by a partner of the limited liability partnership and forwarded to the secretary of state. At the time of filing the report, the limited liability partnership shall pay to the secretary of state an annual franchise tax in an amount equal to

~~1~~ \$2 for each \$1,000 of the net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, except that no annual tax shall be less than ~~20~~ \$40 or more than ~~2,500~~ \$5,000. The amount of any such franchise tax paid by the limited liability partnership to the secretary as provided by this subsection shall not be disclosed by the secretary.

(d) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510 and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, shall be applicable to the statement of qualification of any limited liability partnership which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the statement of qualification of a limited liability partnership is forfeited for failure to file an annual report or to pay the required franchise tax, the limited liability partnership may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state. The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.

Sec. 49. On and after July 1, 2002, K.S.A. 2001 Supp. 56a-1202 is hereby amended to read as follows: 56a-1202. (a) Every foreign limited liability partnership shall make an annual report in writing to the secretary of state, stating the prescribed information concerning the foreign limited liability partnership at the close of business on the last day of its tax period next preceding the date of filing. If the foreign limited liability partnership's tax period is other than the calendar year, it shall give notice in writing of its different tax period to the secretary of state prior to December 31 of the year it commences the different tax period. The annual report shall be filed at the time prescribed by law for filing the foreign limited liability partnership's annual Kansas income tax return. If the foreign limited liability partnership applies for an extension of time for filing its annual income tax return under the internal revenue code, the foreign limited liability partnership shall also apply, not more than 90 days after the due date of its annual report, to the secretary of state for an extension of the time for filing its report and an extension shall be granted for a period of time corresponding to that granted under the internal revenue code. The application shall include a copy of the application to income tax authorities.

(b) The annual report shall be made on a form prescribed by the secretary of state. The report shall contain the name of the foreign limited liability partnership.

(c) The annual report shall be signed by a partner of the foreign limited liability partnership and forwarded to the secretary of state. At the time of filing the report, the foreign limited liability partnership shall pay to the secretary of state an annual franchise tax in an amount equal to ~~1~~ \$2 for each \$1,000 of the net capital accounts located in or used in this state at the end of the preceding taxable year as required to be reported on the federal partnership return of income, except that no annual tax shall be less than ~~20~~ \$40 or more than ~~2,500~~ \$5,000. The amount of any such franchise tax paid by the foreign limited liability partnership to the secretary as provided by this subsection shall not be disclosed by the secretary.

(d) The provisions of K.S.A. 17-7509, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, and the provisions of subsection (a) of K.S.A. 17-7510, and amendments thereto, relating to penalties for failure of a corporation to file an annual report or pay the required franchise tax, shall be applicable to the statement of foreign qualification of any foreign limited liability partnership which fails to file its annual report or pay the franchise tax within 90 days of the time prescribed in this section for filing and paying the same. Whenever the statement of foreign qualification of a foreign limited liability partnership is forfeited for failure to file an annual report or to pay the required franchise tax, the statement of foreign qualification of the foreign limited liability partnership may be reinstated by filing a certificate of reinstatement, in the manner and form to be prescribed by the secretary of state and paying to the secretary of state all fees and taxes, including any penalties thereon, due to the state.

The fee for filing a certificate of reinstatement shall be the same as that prescribed by K.S.A. 17-7506, and amendments thereto, for filing a certificate of extension, restoration, renewal or revival of a corporation's articles of incorporation.

Sec. 50. On and after July 1, 2002, K.S.A. 2001 Supp. 56a-1203 is hereby amended to read as follows: 56a-1203. No limited liability partnership or foreign limited liability partnership shall be required to file its first annual report under this act, or pay any annual franchise tax required to accompany such report, unless such partnership has filed its statement of qualification or foreign qualification at least six months prior to the last day of its tax period. If any such partnership files with the secretary of state a notice of change in its tax period and the next annual report filed by such partnership subsequent to such notice is based on a tax period of less than 12 months, the annual tax liability shall be determined by multiplying the annual franchise tax liability for such year by a fraction, the numerator of which is the number of months or any portion thereof covered by the annual report and the denominator of which is 12, except that the tax shall not be less than ~~\$20~~ \$40.

Sec. 51. On and after July 1, 2002, K.S.A. 17-4634, 17-7507, 79-3310 and 79-3312 and K.S.A. 2001 Supp. 17-2036, 17-7503, 17-7504, 17-7505, 17-76,139, 56-1a606, 56-1a607, 56a-1201, 56a-1202, 56a-1203, 79-3311, 79-3603, 79-3603, as amended by section 1 of 2002 Senate Bill No. 372, 79-3620, 79-3635, 79-3703 and 79-3710 are hereby repealed.

Sec. 52. K.S.A. 12-187, 12-189, 12-189e, 79-2401a, 79-2803a, 79-3226, 79-3271 and 79-3279 and K.S.A. 2001 Supp. 79-201w, 79-1476, 79-3295, 79-32,100a, 79-32,205, 79-32,206 and 79-32,211 are hereby repealed.

Sec. 53. This act shall take effect and be in force from and after its publication in the Kansas register.;

In the title, in line 14, by striking all after "to"; by striking all in lines 15 through 17 and by inserting the following: "taxation; amending K.S.A. 12-187, 12-189, 17-4634, 17-7507, 79-2401a, 79-2803a, 79-3226, 79-3271, 79-3279, 79-3310 and 79-3312 and K.S.A. 2001 Supp. 17-2036, 17-7503, 17-7504, 17-7505, 17-76,139, 56-1a606, 56-1a607, 56a-1201, 56a-1202, 56a-1203, 79-201w, 79-1476, 79-3295, 79-32,100a, 79-32,205, 79-32,206, 79-32,211, 79-3311, 79-3603, 79-3620, 79-3635, 79-3703 and 79-3710 and repealing the existing sections; also repealing K.S.A. 12-189e and K.S.A. 2001 Supp. 79-3603, as amended by section 1 of 2002 Senate Bill No. 372.;"

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

JOHN EDMONDS
DAVID HUFF
Conferees on part of House

DAVID R. CORBIN
LYNN JENKINS
JANIS LEE
Conferees on part of Senate

Senator Corbin moved the Senate adopt the Conference Committee Report on **SB 39**.

On roll call, the vote was: Yeas 23, Nays 15, Present and Passing 0, Absent or Not Voting 2.

Yeas: Adkins, Allen, Barnett, Brungardt, Corbin, Donovan, Downey, Emler, Jackson, Jenkins, Jordan, Kerr, Lee, Morris, Oleen, Praeger, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Umbarger, Vratil.

Nays: Barone, Brownlee, Clark, Feleciano, Gilstrap, Gooch, Haley, Harrington, Hensley, Huelskamp, Lyon, O'Connor, Pugh, Tyson, Wagle.

Absent or Not Voting: Goodwin, Steineger.

The Conference Committee report was adopted.

EXPLANATION OF VOTE

MR. PRESIDENT: I vote no on **SB 39**.

There are several things which happen in this Capitol that I do not appreciate.

I don't appreciate the bubble gum approach to tax policy this bill represents, I don't appreciate the unwillingness of my colleagues in this chamber and the other to compromise

on tax policy, and I don't appreciate raising taxes willy-nilly, putting together packages as if you were throwing out the garbage.

Most of all, I don't appreciate the attack on working Kansas families this bill represents, nor do I appreciate the attacks leveled at those of us who find this bill completely and utterly unacceptable nor the blatantly false, grossly exaggerated claims that this bill solves the budget disaster facing Kansas.

My constituents know the difference between fair and unfair, and they are not fooled by the lies about next year's budget. They know this tax package is unfair to working Kansas families. Mr. President, I am proud to stand here and vote my conscience and to stand on my principles—I am proud to stand up for Kansas families by voting no on this unfair, unbalanced, and unacceptable tax bill.—JIM BARONE

Senators Feleciano and Gilstrap requests the record to show they concur with the "Explanation of Vote" offered by Senator Barone on **SB 39**.

Mr. President: I vote no on **SB 39** because we are attempting to tap a well which is already dry. Our unemployment benefit payments are up by more than 50% compared to a year ago. Our corporate income tax collections are one third of what they should be. Kansans are struggling and the Kansas Senate has taken the lead in piling on the pain. This is shameful. There is no more blood in the turnip. It is time to stop taking more and more money from the people.—KARIN BROWNLEE

Senators Haley, Harrington, O'Connor and Tyson requests the record to show they concur with the "Explanation of Vote" offered by Senator Brownlee on **SB 39**.

MR. PRESIDENT: I vote NO on **SB 39**.

Some will say I am blind to reality, that I don't understand the gravity of our state's budget shortfall. Others will say I don't support public education or the many other priorities within our state's budget. Still others will say I didn't face the tough choice of raising taxes to solve the shortfall and meet our needs.

None of this is true.

In reality, by passing this bill the Legislature didn't balance our state's budget, but simply made it harder for working families to balance theirs. The Legislature didn't provide more money for our children's education, but instead gave away money to millionaire investors. Even worse, the Legislature didn't choose fair and balanced tax increases, but chose unfair and regressive taxes that hit hardest on low and middle income Kansans.

My biggest concern with this bill is that it doesn't come close to resolving the budget shortfall. Nor does it provide adequate funding in the future for K-12 and higher education, public safety, or services for aging and disabled Kansans.—ANTHONY HENSLEY

Mr. President: After years of out-of-control spending by Kansas state government, the difficult decision came due in 2002: hold the line on government spending or ask you to pay more. And after the longest session in the history of Kansas, this Legislature made the typical political choice: send you the bill, a big tax bill. This one will cost Kansans \$1.4 BILLION in the next five years. Higher taxes on everything you buy, new death taxes, doubling of franchise fees, another 2 cents more for every gallon of gasoline and diesel. More out of your pocket, more into government's pockets. More state buildings, new parking garages, new state jets, more state buildings, more welfare spending. This new pot of your money will not only further fuel the fire of state government growth, it will further extend and deepen our economic recession. I therefore must vote "No" on this huge tax increase.—TIM HUELSKAMP, ROBERT TYSON, ED PUGH

Senators Pugh and Tyson requests the record to show they concur with the "Explanation of Vote" offered by Senator Huelskamp on **SB 39**.

I vote for **SB 39** in order to fund schools, universities and programs for our state's most vulnerable citizens. Without these new revenues, schools would lose nearly \$300 per pupil. That is not acceptable. We have made budget cuts. We have used one-time monies and now we must finish the unpleasant but necessary task of balancing this budget by passing a tax package.—DAVE KERR

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 363**, 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 of the Whole amendments, as follows:

On page 1, in line 17, by striking "and"; in line 18, preceding "appropriations", by inserting "and June 30, 2004,"; by striking all in line 43;

On page 2, by striking all in lines 1 through 10 and inserting the following:

"(b) On and after the effective date of this act, all expenditures made by the attorney general from moneys appropriated from the state general fund or any special revenue funds for fiscal year 2002 or fiscal year 2003 as authorized by chapter 144 or chapter 216 of the 2001 Session Laws of Kansas or by this or other appropriation act of the 2002 regular session of the legislature, for the purposes of the state of New York, *ex. rel.* Attorney General Elliot Spitzer, *et al.* v. Microsoft corporation litigation, shall be limited to activities to bring such litigation to conclusion and to secure the award of expenses and remedies as a result of Kansas being a party to the litigation.";

Also on page 2, in line 13, following "(a)", by inserting "There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year or years specified the following:

Public broadcasting council capital equipment

For the fiscal year ending June 30, 2003..... \$114,099

(b) There is appropriated for the above agency from the state general fund for the fiscal year or years specified, the following:

Facilities management

For the fiscal year ending June 30, 2003..... \$300,000";

Also on page 2, in line 18, before "On" by inserting "(c)"; in line 27, by striking "\$440,844" and inserting "\$220,422"; in line 29, by striking "\$100,000" and inserting "\$75,000"; in line 32, preceding the last period, by inserting ": *Provided further*, That no expenditures shall be made during fiscal year 2003 from the operating expenditures—Persian Gulf War health initiative program account unless the Kansas commission on veterans affairs has first presented a detailed budget for such expenditures to the legislative budget committee"; preceding line 35, by inserting the following:

"Operations—veterans affairs

For the fiscal year ending June 30, 2003..... \$70,980";

Also on page 2, by striking all in lines 41 through 43;

On page 3, by striking all in lines 1 through 3 and inserting the following:

"(a) There is appropriated for the above agency from the state general fund for the fiscal year or years specified, the following:

Senior pharmacy outreach program

For the fiscal year ending June 30, 2003..... \$600,000";

Also on page 3, by striking all in lines 38 through 43;

On page 4, by striking all in lines 1 through 4; by striking all in lines 35 through 43;

On page 5, by striking all in lines 1 through 18;

And by relettering the subsections accordingly;

Also on page 5, in line 26, preceding the period, by inserting ": *Provided*, That all expenditures from the Larned state hospital fee fund for fiscal year 2003 for payment of services provided by central Kansas medical center at the medicaid rate shall be in addition to any expenditure limitation imposed on the Larned state hospital fee fund for fiscal year 2003";

On page 6, preceding line 20, by inserting the following:

"(g) On the effective date of this act, of the \$126,208,957 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the mental health and retardation services aid and assistance account, the sum of \$36,065,128 is hereby lapsed.

(h) On the effective date of this act, of the \$36,834,437 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the community based services account, the sum of \$11,345,072 is hereby lapsed.

(i) On the effective date of this act, the director of accounts and reports shall transfer \$47,410,200 from the senior services trust fund of the Kansas public employees retirement system to the SRS-IGT fund of the department of social and rehabilitation services.

(j) On July 1, 2002, or as soon thereafter as moneys are available therefor, the director of accounts and reports shall transfer \$18,500,000 from the state general fund to the senior services trust fund of the Kansas public employees retirement system.

(k) On or before June 30, 2004, on a date certified by the director of the budget, the director of the budget shall transfer \$28,910,200 from the state general fund to the senior services trust fund of the Kansas public employees retirement system: *Provided*, That, at the same time that such certification is made by the director of the budget to the director of accounts and reports under this subsection, the director of the budget shall deliver a copy of such certification to the director of the legislative research department.”;

Also on page 6, by striking all in lines 28 through 38; by striking all in lines 41 through 43;

On page 7, by striking all in lines 1 through 11; in line 12, by striking “(c)” and inserting “(b)”;

by striking all in lines 17 through 30 and inserting the following:
“(c) The department of education shall make the expenditure from the KPERS—employer contributions account of the state general fund during the fiscal year ending June 30, 2002, for payment of \$7,985,026 to the Kansas public employees retirement system as authorized by section 45(a) of 2002 Senate Bill No. 517: *Provided*, That the department of education shall not make the payment of \$7,985,026 to the Kansas public employees retirement system from the KPERS—employer contributions account of the state general fund during the fiscal year ending June 30, 2002, if the director of the budget certifies that such payment should not be made during fiscal year 2002 in order to avoid a shortfall in the unencumbered ending balance in the state general fund as of June 30, 2002: *Provided further*, That, in such case, the department of education shall make such payment of \$7,985,026 to the Kansas public employees retirement system from the KPERS—employer contributions account of the state general fund on or after July 1, 2002, during the fiscal year ending June 30, 2003: *And provided further*, That, at the same time that such certification is made by the director of the budget to the director of accounts and reports under this subsection, the director of the budget shall deliver a copy of such certification to the director of the legislative research department.”;

Also on page 7, by striking all in lines 38 through 43;

On page 8, by striking all in lines 1 through 4;

And by relettering subsections accordingly;

On page 9, by striking all in lines 36 through 40 and inserting the following:

“(a) There is hereby appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2003, for the capital improvement project or projects specified as follows:

Debt service—rehabilitation and repair of the statewide armories \$185,705

(b) On July 1, 2002, of the \$4,398,908 appropriated for the above agency for the fiscal year ending June 30, 2003, by section 115(a) of 2002 Senate Bill No. 517 from the state general fund in the operating expenditures account, the sum of \$229,620 is hereby lapsed.

(c) On July 1, 2002, the \$243,342 appropriated for the above agency for the fiscal year ending June 30, 2003, by section 115(f) of 2002 Senate Bill No. 517 from the state economic development initiatives fund in the educational assistance account, is hereby lapsed.”;

On page 10, in line 3, by striking “\$1,355,926” and inserting “\$1,000,000”; by striking all in lines 4 through 21;

And by relettering the subsections accordingly;

Also on page 10, in line 41, by striking “\$208,817” and inserting “\$218,817”; preceding line 42, by inserting the following:

“(b) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the dairy fee fund is hereby increased from \$332,370 to \$403,067.

(c) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the soil amendment fee fund is hereby increased from \$1,075 to \$1,355.

(d) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the agricultural liming materials fee fund is hereby increased from \$48,792 to \$58,842.

(e) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the chemigation fee fund is hereby increased from \$107,255 to \$156,005.

(f) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the agricultural chemical fee fund is hereby increased from \$284,864 to \$466,864.

(g) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the fertilizer fee fund is hereby increased from \$507,571 to \$510,071.

(h) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the pesticide use fee fund is hereby increased from \$433,922 to \$654,572.

(i) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the weights and measures fee fund is hereby increased from \$162,163 to \$190,163.

(j) On July 1, 2002, the expenditure limitation established for the fiscal year ending June 30, 2003, by section 123(b) of 2002 Senate Bill No. 517 on the water appropriation certification fund is hereby increased from \$297,449 to \$537,749.”;

And by relettering subsections accordingly;

On page 11, following line 18, by inserting the following:

“(b) The director of accounts and reports shall not make the transfer of \$4,000,000 from the lottery operating fund of the Kansas lottery to the state gaming revenues fund which was directed to be made on or before July 15, 2003, by section 86(c) of 2002 Senate Bill No. 517 and, on the effective date of this act, the provisions of section 86(c) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(c) Notwithstanding the provisions of K.S.A. 74-8711, and amendments thereto, for the fiscal year ending June 30, 2002, one additional transfer from the lottery operating fund to the state gaming revenues fund shall be made in addition to the 12 regular transfers, and the 13th transfer shall be made no later than July 15, 2002, and shall be credited to the fiscal year ending June 30, 2002. The 13th transfer shall be not less than \$4,000,000. The director of accounts and reports shall transfer moneys certified by the director of the Kansas lottery from the lottery operating fund to the state gaming revenues fund on or before July 15, 2002, in an amount of not less than \$4,000,000 and this transfer shall be credited to the period ending June 30, 2002. Notwithstanding provisions of K.S.A. 79-4801, and amendments thereto, all amounts credited to the state gaming revenues fund on or before July 15, 2002, shall be transferred and credited to the state general fund on or before July 15, 2002, and shall be credited to the fiscal year ending June 30, 2002.”;

Also on page 11, following line 35, by inserting the following:

“(b) On July 1, 2002, the expenditure limitation established by section 85(a) of 2002 Senate Bill No. 517 on the division of vehicles operating fund is hereby increased from \$32,755,967 to \$33,211,944.

(c) On July 1, 2002, the director of accounts and reports shall transfer \$455,977 from the state highway fund of the department of transportation to the division of vehicles operating fund of the above agency for the purpose of financing the cost of operation and general expense of the division of vehicles and related operations of the above agency.”;

Also on page 11, in line 41, by striking “\$320,000” and inserting “\$250,000”;

On page 12, following line 11, by inserting the following:

“National guard educational assistance
For the fiscal year ending June 30, 2003..... \$243,342”;

On page 13, by striking all in lines 17 through 27 and inserting the following:

“(d) On July 1, 2002, the position limitation established for the fiscal year ending June 30, 2003, by section 131(a) of 2002 Senate Bill No. 517 for the state board of regents is hereby increased from 45.0 to 54.0.”;

On page 14, by striking all in lines 3 through 7 and inserting the following:

“(f) There is appropriated for the above agency from the state general fund for the fiscal year or years specified, the following:

National guard educational assistance
For the fiscal year ending June 30, 2003..... \$229,620

(g) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year or years specified, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Workforce development loan fund
For the fiscal year ending June 30, 2003..... No limit

Kan-Ed federal fund
For the fiscal year ending June 30, 2003..... No limit

(h) In addition to the purposes for which expenditures may be made by the above agency from the Kan-Ed fund for the fiscal year ending June 30, 2003, as authorized by section 112(b) of 2002 Senate Bill No. 517, expenditures may be made by the above agency for the purposes of implementing 2002 Substitute for Senate Bill No. 614: *Provided*, That expenditures from the Kan-Ed fund from payments received from the KUSF pursuant to subsection (f) of section 1 of 2002 Substitute for Senate Bill No. 614 for the fiscal year ending June 30, 2003, shall not exceed \$5,000,000.”;

Also on page 14, by striking all in lines 10 through 13;

And by relettering subsections accordingly;

On page 16, by striking all in lines 4 through 7;

On page 18, by striking all in lines 16 through 29;

And by relettering subsections accordingly;

On page 20, in line 24, by striking “(c)” and inserting “(d)”; in line 27, by striking “(c)” and inserting “(d)”; following line 28, by inserting the following:

“(c) (1) Notwithstanding the other provisions of this section, if the director of the budget certifies to the governor pursuant to K.S.A. 75-6704, and amendments thereto, that the unencumbered ending balance in the state general fund for fiscal year 2002 is less than \$100,000,000, during the period commencing on the date of such certification until the date during fiscal year 2002 that the director of the budget certifies that the ending balance in the state general fund for fiscal year 2002 is equal to or greater than \$100,000,000, if that is so determined by the director of the budget based on the same kinds of considerations and information relied upon for the original certification pursuant to such statute, then, during any such period, the provisions of subsection (b) shall be and are hereby suspended and state agencies may utilize procedures authorized by law and applicable rules and regulations and act to layoff or furlough classified state officers and employees as otherwise provided by law during such period. If, after a certification to the governor pursuant to K.S.A. 75-6704, and amendments thereto, for fiscal year 2002, the director of the budget determines that the unencumbered ending balance in the state general fund for fiscal year 2002 is estimated to be equal to or greater than \$100,000,000, then (1) the director shall certify that determination to the governor, and (2) the provisions of subsection (b) shall be in effect and applicable to all state agencies and state agencies shall not furlough or layoff any classified state officer or employee, subject to a subsequent certification to the governor pursuant to K.S.A. 75-6704, and amendments thereto. For purposes of this section, the director of the budget shall notify all state agencies of each certification to the governor pursuant to K.S.A. 75-6704, and amendments thereto and of each subsequent certification that the unencumbered ending balance in the state general fund for fiscal year 2002 is estimated to be equal to or greater than \$100,000,000.

(2) Notwithstanding the other provisions of this section, if the director of the budget certifies to the governor pursuant to K.S.A. 75-6704, and amendments thereto, that the unencumbered ending balance in the state general fund for fiscal year 2003 is less than \$100,000,000, during the period commencing on the date of such certification until the date during fiscal year 2003 that the director of the budget certifies that the ending balance in the state general fund for fiscal year 2003 is equal to or greater than \$100,000,000, if that

is so determined by the director of the budget based on the same kinds of considerations and information relied upon for the original certification pursuant to such statute, then, during any such period, the provisions of subsection (b) shall be and are hereby suspended and state agencies may utilize procedures authorized by law and applicable rules and regulations and act to layoff or furlough classified state officers and employees as otherwise provided by law during such period. If, after a certification to the governor pursuant to K.S.A. 75-6704, and amendments thereto, for fiscal year 2003, the director of the budget determines that the unencumbered ending balance in the state general fund for fiscal year 2003 is estimated to be equal to or greater than \$100,000,000, then (1) the director shall certify that determination to the governor, and (2) the provisions of subsection (b) shall be in effect and applicable to all state agencies and state agencies shall not furlough or layoff any classified state officer or employee, subject to a subsequent certification to the governor pursuant to K.S.A. 75-6704, and amendments thereto. For purposes of this section, the director of the budget shall notify all state agencies of each certification to the governor pursuant to K.S.A. 75-6704, and amendments thereto and of each subsequent certification that the unencumbered ending balance in the state general fund for fiscal year 2003 is estimated to be equal to or greater than \$100,000,000.”;

Also on page 20, in line 29, by striking “(c)” and inserting “(d)”;

On page 21, by striking all in lines 16 through 43;

By striking all on pages 22 through 26;

On page 27, by striking all in lines 1 through 33;

And by renumbering sections accordingly;

Also on page 27, in line 40, preceding the colon, by inserting “, including any reissued hard bound volumes”; also in line 40, following “each”, by inserting “returning”; in line 42, by striking “at each” and inserting “and any reissued hard bound volumes for the 2003”; by striking all in line 43;

By striking all on pages 28 through 31;

On page 32, by striking all in lines 1 through 38;

And by renumbering sections accordingly;

Also on page 32, preceding line 39, by inserting the following:

“Sec. 30.

PITTSBURG STATE UNIVERSITY

(a) There is appropriated for the above agency from the state general fund for the fiscal year or years specified, the following:

Operating expenditures (including official hospitality)	
For the fiscal year ending June 30, 2003.....	\$190,000

Sec. 31.

UNIVERSITY OF KANSAS

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year or years specified, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Fire service training fund	
For the fiscal year ending June 30, 2003.....	No limit

Sec. 32.

INSURANCE DEPARTMENT

(a) The director of accounts and reports shall not make the transfer of \$7,000,000 from the workers compensation fund of the insurance department to the state general fund on July 1, 2002, or as soon thereafter as moneys are available, as directed by section 74(d) of 2002 Senate Bill No 517, and the provisions of section 74(d) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(b) On June 30, 2002, the director of accounts and reports shall transfer \$7,000,000 from the workers compensation fund of the insurance department to the state general fund: *Provided*, That the amount transferred from the workers compensation fund of the insurance department to the state general fund pursuant to this subsection is to reimburse the state

general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services which are performed on behalf of the state agency involved by other state agencies which receive appropriations from the state general fund to provide such services: *Provided further*, That the commissioner of insurance shall prepare and submit a workers compensation fund cash-flow analysis to the house committee on appropriations and the senate committee on ways and means during the month of January, 2003.

Sec. 33.

STATE BOARD OF INDIGENTS' DEFENSE SERVICES

(a) For the fiscal year ending June 30, 2002, the amount of \$30,673 prescribed by section 32(b) of 2002 Senate Bill No. 517 to be lapsed from the \$13,044,016 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 112(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the operating expenditures account, shall not be lapsed and the provisions of section 32(b) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(b) For the fiscal year ending June 30, 2002, the amount of \$6,376 prescribed by section 32(c) of 2002 Senate Bill No. 517 to be lapsed from the \$1,373,690 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 112(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the capital defense operations account, shall not be lapsed and the provisions of section 32(c) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

Sec. 34.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

(a) For the fiscal year ending June 30, 2002, the amount of \$53,980 prescribed by section 44(m) of 2002 Senate Bill No. 517 to be lapsed from the \$9,398,466 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Kansas neurological institute—operating expenditures account, shall not be lapsed and the provisions of section 44(m) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(b) (1) For the fiscal year ending June 30, 2002, the amount of \$93,547 prescribed by section 44(o) of 2002 Senate Bill No. 517 to be lapsed from the \$9,716,548 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Larned state hospital—operating expenditures account, shall not be lapsed and the provisions of section 44(o) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(2) On the effective date of this act, of the \$9,716,548 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Larned state hospital—operating expenditures account, the sum of \$23,916 is hereby lapsed.

(c) (1) For the fiscal year ending June 30, 2002, the amount of \$53,962 prescribed by section 44(r) of 2002 Senate Bill No. 517 to be lapsed from the \$5,592,630 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Osawatimie state hospital—operating expenditures account, shall not be lapsed and the provisions of section 44(r) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(2) On the effective date of this act, of the \$5,592,630 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Osawatimie state hospital—operating expenditures account, the sum of \$2,596 is hereby lapsed.

(d) For the fiscal year ending June 30, 2002, the amount of \$53,993 prescribed by section 44(u) of 2002 Senate Bill No. 517 to be lapsed from the \$6,201,974 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Parsons state hospital

and training center—operating expenditures account, shall not be lapsed and the provisions of section 44(u) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(e) (1) For the fiscal year ending June 30, 2002, the amount of \$307,372 prescribed by section 44(v) of 2002 Senate Bill No. 517 to be lapsed from the \$740,473 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Rainbow mental health facility—operating expenditures account, shall not be lapsed and the provisions of section 44(v) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

(2) On the effective date of this act, of the \$740,473 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 130(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the Rainbow mental health facility—operating expenditures account, the sum of \$290,912 is hereby lapsed.

Sec. 35.

ADJUTANT GENERAL

(a) For the fiscal year ending June 30, 2002, the amount of \$8,758 prescribed by section 50(a) of 2002 Senate Bill No. 517 to be lapsed from the \$4,549,979 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 150(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the operating expenditures account, shall not be lapsed and the provisions of section 50(a) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

Sec. 36.

ATTORNEY GENERAL—KANSAS BUREAU OF INVESTIGATION

(a) For the fiscal year ending June 30, 2002, the amount of \$56,051 prescribed by section 51(a) of 2002 Senate Bill No. 517 to be lapsed from the \$12,462,791 appropriated for the above agency for the fiscal year ending June 30, 2002, by section 154(a) of chapter 144 of the 2001 Session Laws of Kansas from the state general fund in the operating expenditures account, shall not be lapsed and the provisions of section 51(a) of 2002 Senate Bill No. 517 are hereby declared to be null and void and shall have no force and effect.

Sec. 37.

STATE FIRE MARSHAL

(a) On July 1, 2002, and on July 1, 2003, or as soon after each such date as moneys are available, the director of accounts and reports shall transfer \$200,000 from the fire marshal fee fund of the state fire marshal to the state general fund: *Provided*, That the transfer of such amount shall be in addition to any other transfer from the fire marshal fee fund of the state fire marshal to the state general fund as prescribed by law: *Provided further*, That the amount transferred from the fire marshal fee fund of the state fire marshal to the state general fund is to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services which are performed on behalf of the state agency involved by other state agencies which receive appropriations from the state general fund to provide such services.

Sec. 38.

LEGISLATURE

(a) During the fiscal year ending June 30, 2002, expenditures shall be made from any unused portion of the state postage allotment of Representative Carlos Mayans established pursuant to Legislative Coordinating Council policy 38 for the purpose of erecting a flagpole at Hesston college.

Sec. 39.

STATE HISTORICAL SOCIETY

(a) There is appropriated for the above agency from the state general fund for the fiscal year or years specified, the following:

Kansas humanities council

For the fiscal year ending June 30, 2003..... \$50,000

Sec. 40. (a) On the effective date of this act, the director of accounts and reports shall transfer \$94,608,648 from the state highway fund to the state general fund.

(b) On or before June 30, 2003, on a date certified by the director of the budget, the director of accounts and reports shall transfer \$94,608,648 from the state general fund to the state highway fund: *Provided*, That, at the same time that such certification is made by the director of the budget to the director of accounts and reports under this subsection, the director of the budget shall deliver a copy of such certification to the director of the legislative research department.

Sec. 41. (a) On July 1, 2002, the director of accounts and reports shall transfer \$6,000,000 from the Kansas endowment for youth fund of the Kansas public employees retirement system to the state general fund: *Provided*, That, upon receipt of a certification by the director of the budget that the director has determined that, as a last resort, the transfer of such \$6,000,000 to the state general fund is required to be made on or before June 30, 2002, in order to avoid a shortfall in the unencumbered ending balance of the state general fund for fiscal year 2002, the director of accounts and reports shall transfer such \$6,000,000 from the Kansas endowment for youth fund of the Kansas public employees retirement system to the state general fund on or before June 30, 2002, in accordance with such certification from the director of the budget: *Provided further*, That, at the same time that such certification is made by the director of the budget to the director of accounts and reports under this subsection, the director of the budget shall deliver a copy of such certification to the director of the legislative research department.

(b) On or before June 30, 2003, on a date certified by the director of the budget, the director of accounts and reports shall transfer \$6,000,000 from the state general fund to the Kansas endowment for youth fund of the Kansas public employees retirement system: *Provided*, That, at the same time that such certification is made by the director of the budget to the director of accounts and reports under this subsection, the director of the budget shall deliver a copy of such certification to the director of the legislative research department.”;

And by renumbering sections accordingly;

On page 1, in the title, in line 11, by striking “and” where it first appears; also in line 11, before the semicolon by inserting “, and June 30, 2004”;

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

KENNY A. WILK
MELVIN J. NEUFELD
ROCKY NICHOLS
Conferees on part of House

STEPHEN R. MORRIS
LARRY D. SALMANS
PAUL FELECiano, JR.
Conferees on part of Senate

Senator Morris moved the Senate adopt the Conference Committee Report on **H Sub for SB 363**.

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

Yeas: Adkins, Allen, Barnett, Brownlee, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Gooch, Jackson, Jenkins, Jordan, Kerr, Lee, Morris, Oleen, Praeger, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Umbarger, Vratil, Wagle.

Nays: Barone, Feleciano, Gilstrap, Haley, Harrington, Hensley, Huelskamp, Lyon, O'Connor, Pugh, Tyson.

Absent or Not Voting: Goodwin, Steineger.

The Conference Committee report was adopted.

EXPLANATION OF VOTE

MR. PRESIDENT: The Senate had a bi-partisan agreement to expand our state's prescription drug relief program for Kansas seniors. We added \$5 million from the Senior Trust Fund for this expanded program in order to draw down an additional \$7.5 million in federal funds. The \$12.5 million would have greatly improved our current program by assisting many thousands of seniors with their escalating prescription drug costs. These funds were removed from the bill. It is a travesty that we did not respond to our seniors' number one concern.—JIM BARONE

Senator Gilstrap requests the record to show he concurs with the "Explanation of Vote" offered by Senator Barone on **H Sub for SB 363**.

MR. PRESIDENT: I vote yes on **H Sub for SB 363** because of two positive provisions contained within this bill. I am pleased that we are funding KAN-ED and using tobacco funds to provide \$20 to the base per pupil. My disappointment with the bill is that we have not curbed our spending habits. There is still more waste that can be cut.—KARIN BROWNLEE

MR. PRESIDENT: I vote NO on **H Sub for SB 363**. There are many reasons to vote against this bill and I want to mention a few. First, the House wanted to prohibit spending any money on renovating the SBG building in FY 2002 or FY 2003. This bill allows for the expenditure which I believe is a waste of the taxpayer's money.

Likewise, the House attempted to prevent the construction of a pedestrian tunnel from the Statehouse to SBG. This provision was removed from the bill, so once again we are wasting the taxpayer's money.

The Senate restored \$2.6 million for local units of government for local property tax relief. Unfortunately, this provision was eliminated.

Worse yet, the Senate had a bi-partisan agreement to expand our state's prescription drug relief program for Kansas seniors. We added \$5 million from the Senior Trust Fund for this expanded program in order to draw down an additional \$7.5 million in federal funds. The \$12.5 million would have greatly improved our current program by assisting many thousands of seniors with their escalating prescription drug costs. These funds were removed from the bill. It is a travesty that we did not respond to our seniors' number one concern.—ANTHONY HENSLEY PAUL FELECIANO, JR.

Senator Feleciano requests the record to show he concurs with the "Explanation of Vote" offered by Senator Hensley on **H Sub SB 363**.

MR. PRESIDENT: In an act of political terrorism, Governor Graves recently announced that he will drastically and unilaterally cut education funding. Instead of targeting his cuts in areas less important than the education of our children, he has sought to force drastic and unnecessary cuts upon our schools. That is unacceptable. I believe it important that education funding be protected from the Governor's punitive and unnecessary actions. To that end, all K-12 funding should have been treated as a revenue transfer in this year's budget. In so doing, education funding would have been placed in a lockbox, free from the Governor's political cuts. Rejecting this possibility to protect K-12 education, this conference committee report provides no protections for education funding. Hence, I vote No.—TIM HUELSKAMP

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2896**, 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 following the enacting clause;

On page 2, by striking all in lines 1 through 28 and inserting the following:

"Section. 1. (a) Notwithstanding the provisions of K.S.A. 74-5074, and amendments thereto, on July 1, 2002, or as soon thereafter as moneys are available, the secretary of commerce and housing is authorized and directed to loan to the director of the Kansas sports hall of fame \$100,000 from the Kansas export loan guarantee fund. The director of the Kansas sports hall of fame is authorized and directed to use any moneys in the Kansas

sports hall of fame surcharge fund to provide for the ongoing expenses of the Kansas sports hall of fame. Such loan shall not bear interest. Such loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.

(b) Upon certification by the secretary of commerce and housing and by the director of the Kansas sports hall of fame, the director of accounts and reports shall transfer such amount from the Kansas export loan guarantee fund to the Kansas sports hall of fame surcharge fund.

(c) The loan authorized pursuant to subsection (a) shall be repaid in one payment payable on or before June 30, 2003, of \$50,000, and one payment payable on or before June 30, 2004 of \$50,000.”;

Also on page 2, in line 30, following “with”, by inserting “postsecondary educational institutions and”; in line 31, preceding “plan”, by inserting “voluntary”; also in line 31, by striking “the accredited independent” and inserting “such”; by striking all in lines 34 through 43;

On page 3, by striking all in lines 1 through 8;

By relettering the subsections accordingly;

Also on page 3, in line 9, by striking all preceding “the”, and inserting “(e) Quarterly, during fiscal year 2003 and 2004,”; in line 10, by striking “electronically”; in line 11, by striking “educational planning” and inserting “budget”; in line 12, preceding the period, by inserting “when the legislature is not in session and the chairperson of the committee on appropriations of the house of representatives and the chairperson of the committee on ways and means of the senate when the legislature is in session”; in line 13, by striking “(g)” and inserting “(f)”; by striking all in lines 17 through 43;

By striking all on page 4;

On page 5, by striking all in lines 1 through 16;

And by renumbering the remaining section;

On page 1, in the title, in line 17, by striking all after “therefor”; by striking all in line 18; in line 19, by striking all preceding the period;

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

STEPHEN R. MORRIS

DAVID D. JACKSON

CHRISTINE DOWNEY

Conferees on part of Senate

KENNY WILK

MELVIN NEUFELD

BILL FEUERBORN

Conferees on part of House

Senator Morris moved the Senate adopt the Conference Committee Report on **HB 2896**.

On roll call, the vote was: Yeas 31, Nays 7, Present and Passing 0, Absent or Not Voting 2.

Yeas: Adkins, Allen, Barnett, Barone, Brownlee, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Gilstrap, Gooch, Haley, Harrington, Hensley, Jackson, Jenkins, Jordan, Kerr, Lee, Morris, O'Connor, Oleen, Praeger, Salmans, Schodorf, Taddiken, Teichman, Umbarger, Wagle.

Nays: Feleciano, Huelskamp, Lyon, Pugh, Schmidt, Tyson, Vratil.

Absent or Not Voting: Goodwin, Steineger.

The Conference Committee report was adopted.

CHANGE OF REFERENCE

The President withdrew **SB 387**, **SB 530**, **SB 644** from the calendar under the heading of General Orders, and rereferred the bills to the Committee on Ways and Means.

The President withdrew **HCR 5048** from the calendar under the heading of General Orders, and referred the bill to the Committee on Ways and Means.

The President withdrew **SB 581**; **HB 2569** from the calendar under the heading of General Orders, and rereferred the bills to the Committee on Assessment and Taxation.

The President withdrew **Sub SB 378** from the calendar under the heading of General Orders, and rereferred the bill to the Committee on Reapportionment.

The President withdrew **Sub SB 611; SB 649** from the calendar under the heading of General Orders, and rereferred the bills to the Committee on Commerce.

The President withdrew **SB 607** from the calendar under the heading of General Orders, and rereferred the bill to the Committee on Agriculture.

The President withdrew **Sub for S Sub HB 2051** from the calendar under the heading of General Orders, and rereferred the bill to the Committee on Education.

The President withdrew **HB 2736; S Sub for HB 2819** from the calendar under the heading of General Orders, and rereferred the bills to the Committee on Federal and State Affairs.

The President withdrew **HB 2959** from the calendar under the heading of General Orders, and rereferred the bill to the Committee on Utilities.

The President withdrew **SB 655** from the calendar under the heading of General Orders, and rereferred the bill to the Committee on Elections and Local Government.

VETO SUSTAINED

There being no motion to reconsider the Governor's objection to **SB 624**, An act relating to motor vehicles; providing for the issuance of certain distinctive license plates; amending K.S.A. 8-1,141 and repealing the existing section, the President ruled the veto sustained.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following concurrent resolution was introduced and read by title:

SENATE CONCURRENT RESOLUTION NO. 1627—

By Senators Kerr, Oleen and Hensley

A CONCURRENT RESOLUTION relating to the adjournment of the senate and house of representatives for a period during the 2002 regular session of the legislature.

Be it resolved by the Senate of the State of Kansas, the House of Representatives concurring therein: That the legislature shall adjourn at the close of business of the daily session convened on May 16, 2002, and shall reconvene at 9:30 a.m. on May 31, 2002, at which time the legislature shall continue in session until *sine die* adjournment at the close of business on May 31, 2002; and

Be it further resolved: That the chief clerk of the house of representatives and the secretary of the senate and employees specified by the director of legislative administrative services for such purpose shall attend their duties each day during periods of adjournment, Sundays excepted, for the purpose of receiving messages from the governor and conducting such other business as may be required; and

Be it further resolved: That members of the legislature shall not receive the per diem compensation and subsistence allowances provided for in subsections (a) and (b) of K.S.A. 46-137a and amendments thereto for any day within a period in which both houses of the legislature are adjourned for more than two days, Sundays excepted; and

Be it further resolved: That members of the legislature attending a legislative meeting of whatever nature when authorized pursuant to law, or by the Legislative Coordinating Council or by the President of the Senate or the Speaker of the House of Representatives during any period of adjournment for which members are not authorized per diem compensation and subsistence allowances pursuant to K.S.A. 46-137a and amendments thereto, shall receive compensation and travel expenses or allowances as provided by K.S.A. 75-3212 and amendments thereto.

On motion of Senator Oleen an emergency was declared by a $\frac{2}{3}$ constitutional majority, and **SCR 1627** was advanced to Final Action, subject to amendment, debate and roll call.

SCR 1627, A concurrent resolution relating to the adjournment of the senate and house of representatives for a period during the 2002 regular session of the legislature.

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

Yeas: Adkins, Allen, Barnett, Barone, Brownlee, Brungardt, Clark, Corbin, Donovan, Downey, Emler, Feleciano, Gilstrap, Gooch, Haley, Harrington, Hensley, Huelskamp, Jackson, Jenkins, Jordan, Kerr, Lee, Lyon, Morris, O'Connor, Oleen, Praeger, Pugh, Salmans, Schmidt, Schodorf, Taddiken, Teichman, Tyson, Umbarger, Vratil, Wagle.

Absent or Not Voting: Goodwin, Steineger.

The resolution was adopted.

On motion of Senator Oleen, and in compliance with **SCR 1627**, the Senate adjourned until Sine Die, 9:30 a.m., Friday, May 31, 2002.

HELEN A. MORELAND, *Journal Clerk*.

PAT SAVILLE, *Secretary of Senate*.

