

Journal of the Senate

FORTY-NINTH DAY

SENATE CHAMBER, TOPEKA, KANSAS
Monday, March 19, 2007—3:00 p.m.

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

Heavenly Father,
Senators and their families,
Sometimes I've been told,
Are often candidates for
The proverbial fish bowl.
There are only forty of them,
And often it's the case
Many people know their names
And recognize their face.
Their faces and their names
Are in the papers and on TV.
They make a lot of speeches
Which makes them easier to see.
So they're seen by lots of people,
Their lives an open book.
Their mistakes are magnified;
Some even call them crooks.
So make us ask ourselves, O God,
Would we be squeaky clean,
If every word we said was heard,
And every movement seen?
I ask this in Jesus' name,
AMEN

GUESTS

Senator Emler introduced Jim Richardson, whose photographs are on display in the Capitol, and will appear in the April issue of National Geographic. Accompanying Jim was his wife Kathy.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were introduced and read by title:

SB 384. An act concerning early childhood education services, by Committee on Ways and Means.

SB 385. An act concerning salaries and compensation for state officers and employees; making and concerning appropriations for the fiscal year ending June 30, 2008; amending

K.S.A. 40-102, 46-137a and 46-137b and K.S.A. 2006 Supp. 75-3101, 75-3103, 75-3104, 75-3108, 75-3110 and 75-3111a and repealing the existing sections, by Committee on Ways and Means.

MESSAGE FROM THE GOVERNOR

SB 83 approved on March 19, 2007.

COMMUNICATIONS FROM STATE OFFICERS

DEPARTMENT OF REVENUE

March 15, 2007

As required by KSA 79-1490, Mark S. Beck, Director, Division of Property Valuation, submitted the 2006 Preliminary Real Estate Appraisal/Sales Ratio Study. The report is available in pdf format on the Kansas Department of Revenue Webstite at: <http://www.ksrevenue.org/pvdratiostats.htm>

The President announced the above report is on file in the office of the Secretary of the Senate and is available for review at any time.

MESSAGE FROM THE HOUSE

Announcing passage of **HB 2540**, **HB 2541**, **HB 2542**.

Passage of **SB 326**.

The House concurs in Senate amendments to **Substitute HB 2042**.

The House nonconcur in Senate amendments to **HB 2004**, requests a conference and has appointed Representatives Gordon, Huntington and Winn as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2010**, requests a conference and has appointed Representatives O'Neal, Kinzer and Pauls as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2032**, requests a conference and has appointed Representatives C. Holmes, Olson and Long as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2034**, requests a conference and has appointed Representatives C. Holmes, Olson and Kuether as conferees on the part of the House.

The House nonconcur in Senate amendments to **Senate Substitute for Substitute HB 2035**, requests a conference and has appointed Representatives C. Holmes, Olson and Kuether as conferees on the part of the House.

The House nonconcur in Senate amendments to **Substitute HB 2108**, requests a conference and has appointed Representatives Shultz, Brown and Dillmore as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2111**, requests a conference and has appointed Representatives Shultz, Brown and Dillmore as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2112**, requests a conference and has appointed Representatives Shultz, Brown and Dillmore as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2185**, requests a conference and has appointed Representatives Aurand, Horst and Storm as conferees on the part of the House.

The House nonconcur in Senate amendments to **Substitute HB 2278**, requests a conference and has appointed Representatives C. Holmes, Olson and Kuether as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2314**, requests a conference and has appointed Representatives Brunk, Kiegerl and Ruiz as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2360**, requests a conference and has appointed Representatives O'Neal, Kinzer and Pauls as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2368**, requests a conference and has appointed Representatives Schwartz, Tafanelli and Feuerborn as conferees on the part of the House.

Announcing passage of **HB 2422**, **HB 2561**.

Passage of **Substitute SB 82**; **SB 162**, **SB 285**.

Passage of **SB 23**, as amended, **SB 219**, as amended.

The House nonconcur in Senate amendments to **HB 2487**, requests a conference and has appointed Representatives Faber, Knox and Svaty as conferees on the part of the House.

The House concurs in Senate amendments to **HB 2268**.

The House concurs in Senate amendments to **HB 2373**.

INTRODUCTION OF HOUSE BILLS AND CONCURRENT RESOLUTIONS

HB 2422, **HB 2540**, **HB 2541**, **HB 2542**, **HB 2561** were thereupon introduced and read by title.

CONSIDERATION OF MOTIONS TO CONCUR OR NONCONCUR

On motion of Senator Schodorf the Senate nonconcurred in the House amendments to **SB 23** and requested a conference committee be appointed.

The President appointed Senators Schodorf, Vratil and Lee as a conference committee on the part of the Senate.

ORIGINAL MOTION

On motion of Senator Jordan, the Senate acceded to the request of the House for a conference on **HB 2004**.

The President appointed Senators Jordan, Brownlee and Barone as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **HB 2010**.

The President appointed Senators Vratil, Bruce and Goodwin as conferees on the part of the Senate.

On motion of Senator Emler, the Senate acceded to the request of the House for a conference on **HB 2032**.

The President appointed Senators Emler, Apple and Lee as conferees on the part of the Senate.

On motion of Senator Emler, the Senate acceded to the request of the House for a conference on **HB 2034**.

The President appointed Senators Emler, Apple and Lee as conferees on the part of the Senate.

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **S Sub for Sub HB 2035**.

The President appointed Senators Vratil, Bruce and Lee as conferees on the part of the Senate.

On motion of Senator Teichman, the Senate acceded to the request of the House for a conference on **Sub HB 2108**.

The President appointed Senators Teichman, Wysong and Steineger as conferees on the part of the Senate.

On motion of Senator Teichman, the Senate acceded to the request of the House for a conference on **HB 2111**.

The President appointed Senators Teichman, Wysong and Steineger as conferees on the part of the Senate.

On motion of Senator Teichman, the Senate acceded to the request of the House for a conference on **HB 2112**.

The President appointed Senators Teichman, Wysong and Steineger as conferees on the part of the Senate.

On motion of Senator Umbarger, the Senate acceded to the request of the House for a conference on **HB 2185**.

The President appointed Senators Umbarger, Emler and Kelly as conferees on the part of the Senate.

On motion of Senator Emler, the Senate acceded to the request of the House for a conference on **Sub HB 2278**.

The President appointed Senators Emler, Apple and Lee as conferees on the part of the Senate.

On motion of Senator Brungardt, the Senate acceded to the request of the House for a conference on **HB 2314**.

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

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **HB 2360**.

The President appointed Senators Vratil, Bruce and Goodwin as conferees on the part of the Senate.

On motion of Senator Umbarger, the Senate acceded to the request of the House for a conference on **HB 2368**.

The President appointed Senators Umbarger, Emler and Kelly as conferees on the part of the Senate.

On motion of Senator Taddiken, the Senate acceded to the request of the House for a conference on **HB 2487**.

The President appointed Senators Taddiken, Pine and Francisco as conferees on the part of the Senate.

INTRODUCTION OF ORIGINAL MOTIONS AND SENATE RESOLUTIONS

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

SENATE RESOLUTION No. 1843—

A RESOLUTION congratulating and commending Jason Pyle for his third state wrestling championship.

WHEREAS, On February 24, 2007, Sabetha Senior Jason Pyle successfully defended his 145 pound title at the Class 3-2-1A state wrestling championships at Gross Memorial Coliseum in Hays, Kansas, by defeating his opponent in a dominating 9-0 win in the final match; and

WHEREAS, Along with being state champion at 145 pounds his junior and senior year, Jason was also state champion at 130 pounds during his sophomore year; and

WHEREAS, Jason became Sabetha's first 3 time champion, as well as the school's first undefeated wrestler, finishing the year with an impressive record of 38 wins and no losses: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That Jason Pyle be congratulated and commended for defending his 145 pound title at the Class 3-2-1A state wrestling championship, for being a state champion for the third straight year, and for finishing his season undefeated; and

Be it further resolved: That the Secretary of the Senate provide five enrolled copies of this resolution to Senator Pyle.

On emergency motion of Senator Pyle **SR 1843** was adopted unanimously.

Senator Pyle congratulated his nephew, Jason, for his third state wrestling championship and introduced his parents, Gary and Laura Pyle; his sister, Rachel and coach, Jason Brown.

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

SENATE RESOLUTION No. 1844—

A RESOLUTION congratulating and commending Garfield Elementary School for being awarded the 2006 No Child Left Behind Blue Ribbon School Award.

WHEREAS, The No Child Left Behind Blue Ribbon Schools Program recognizes

outstanding public and private schools that are either academically superior in their states or that demonstrate dramatic and consistent gains in student achievement; and

WHEREAS, Schools nominated for the No Child Left Behind Blue Ribbon School Award must have at least 40% of their students come from disadvantaged backgrounds who show dramatic improvement in student performance on state tests over the past three years in reading or English language arts and mathematics; or be schools whose students, regardless of demographics, achieve in the top 10% on state tests in reading or English language arts and mathematics; and

WHEREAS, Blue Ribbon Schools must also meet adequate yearly progress in reading or English language arts and mathematics, must not be identified as a "Persistently Dangerous" school within the last two years, and must be in compliance with other U.S. Department of Education requirements; and

WHEREAS, Garfield Elementary, located in Augusta, Kansas, is comprised of 240 students and 18 full-time certified teachers, 16 of which have Masters Degrees. The staff is comprised of:

GARFIELD ELEMENTARY SCHOOL STAFF

2006-2007

PRINCIPAL	KIM CHRISTNER
KINDERGARTEN	KAREN McANULTY
KINDERGARTEN	JENNIFER HUSSELMAN
FIRST GRADE	JUDY TERICK
FIRST GRADE	KAREN BRISTOW
SECOND GRADE	DIANE RHOTEN
SECOND GRADE	RENISSA RILEY
THIRD GRADE	BARBARA McCALLA
THIRD GRADE	CATHY SHAFFER
FOURTH GRADE	JENNIFER CODY
FOURTH GRADE	JANET CLARK
FIFTH GRADE	TAMI IBARRA
VOCAL MUSIC	MEGAN HILTON
BAND	TODD HOLLIS
PHYSICAL EDUCATION	KELLI MALM
COMPUTER TEACHER	DANNA LEE
READING TEACHER	MERЕК HOLTZINGER
ART	CHARLENE JESSER
LIBRARY	DEBRA KROEKER
RESOURCE ROOM	ASHLEY STROHM
COUNSELOR	LORI HURST
EARLY CHILDHOOD	KRISTIE HASKELL
SPEECH	JAN FOWLER

WHEREAS, Garfield Elementary encourages their staff to solve problems thoughtfully, collectively and continuously, while working toward the goal of "learning for all." Teachers are encouraged to continuously analyze student achievement using data-driven dialogue, implement innovative, researched based strategies and formalize a hierarchy of interventions for struggling students; and

WHEREAS, As a result of their efforts, Garfield Elementary has achieved the following honors and awards: Recognized as a 2006 No Child Left Behind Blue Ribbon School; being named one of only 24 schools to present at No Child Left Behind Blue Ribbon Schools Awards; having a featured article in the March 2007 issue of "Extraordinary Educators," a national reading publication; receiving a 2006 Challenge Award for 3rd Grade Reading; receiving the 2007 Exemplary Schools Award from the Kansas Association of Elementary School Principals; achieving Kansas Standard of Excellence building-wide; being named presenters at the International Reading Association Midwest Regional; and being selected as presenters at the Superintendent's Council, Kansas Association of School Boards, Kansas Department of Education, and United School Administrators: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That the faculty, staff and students of Garfield Elementary be congratulated and commended for their hard work and diligent efforts in being recognized as a recipient of the 2006 No Child Left Behind Blue Ribbon School Award.

Be it further resolved: That the Secretary of the Senate provide 24 enrolled copies of this resolution to Kim Christner, Principal, Garfield Elementary, 135 High Street, Augusta, KS 67010.

On emergency motion of Senator Palmer **SR 1844** was adopted unanimously.

Senator Palmer congratulated Karen McAnulty, Jennifer Husselman, Diane Rhoten, Cathy Shaffer, Jennifer Cody, Janet Clark and Tami Ibarra.

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

SENATE RESOLUTION No. 1845—

A RESOLUTION congratulating and commending Sophia Evans for being named one of the top two youth volunteers in Kansas for 2007 in the 12th annual Prudential Spirit of Community Awards.

WHEREAS, Sophia Evans, an esteemed resident of Baxter Springs, Kansas, and an eighth grade student at Baxter Springs Middle School, has achieved national recognition for exemplary volunteer service by receiving a 2007 Prudential Spirit of Community Award; and

WHEREAS, After visiting a local animal shelter, Sophia decided to take action and launched her “Paws for a Cause” campaign. Miss Evans has collected more than \$5,000 and two tons of pet food over the past three years to care for homeless animals in her community, while also educating the public about ways to reduce the problem; and

WHEREAS, Sophia started by distributing informational flyers and collection jars around Baxter Springs. She then began making posters, giving speeches, and working with the news media to call attention to the plight of homeless animals and to advocate spaying, neutering, and adopting homeless pets. The money and pet food that Sophia collected went to local animal shelters and veterinary clinics to take care of stray animals, and her project overall has resulted in less euthanasia, more adoption, and more humane conditions. Sophia has inspired 20 other volunteers to join her effort, and states that she plans to continue until the city is stray-free; and

WHEREAS, Because of her efforts, Sophia was nominated by Baxter Springs Middle School for the Prudential Spirit of Community Award. This prestigious award, presented by Prudential Financial in partnership with the National Association of Secondary School Principals, honors young volunteers across America who have demonstrated an extraordinary commitment to serving their communities. As a State Honoree, Miss Evans will receive \$1,000, an engraved silver medallion, and an all-expense paid trip in early May to Washington D.C., where she will join other honorees from each of the other states and the District of Columbia for several days of national recognition events; and

WHEREAS, The success of the State of Kansas, the strength of our communities, and the overall vitality of American society depend, in great measure, upon the dedication of young people like Miss Evans who use their considerable talents and resources to serve others: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That we congratulate and commend Miss Evans for being named one of two state recipients of the Prudential Spirit of Community Award, we honor her outstanding record of volunteer service, peer leadership and community spirit, and we extend our best wishes for her continued success and happiness; and

Be it further resolved: That the Secretary of the Senate provide an enrolled copy of this resolution to Senator Umbarger; Baxter Springs Middle School, 1520 Cleveland, Baxter Springs, Kansas, 66713; Baxter Springs City Hall, 1445 Military, Baxter Springs, Kansas, 66713; and 5 enrolled copies to Sophia Evans, 509 Garfield Avenue, Baxter Springs, Kansas, 66713.

On emergency motion of Senator Umbarger **SR 1845** was adopted unanimously.

Senator Umbarger introduced and congratulated Sophia on her many hours of volunteer service. Accompanying Sophia were her parents, Robert and Patricia Evans, and friend, Alayna VonMoss.

REPORTS OF STANDING COMMITTEES

Committee on **Assessment and Taxation** recommends **SB 291**; **HB 2419**, as amended by House Committee, be passed.

Also, **HB 2038**, as amended by House Committee, be amended on page 1, in line 27, after "(d)" by inserting "The owner or owners of any new nuclear generation facility property or any expanded nuclear generation facility property shall pay to the appropriate taxing subdivisions of the state a payment in lieu of taxes in an amount equal to the amount which would have been levied upon the real property portion of such property if such real property were subject to ad valorem taxes as long as any exemption granted pursuant to this section is still in effect, and such taxing subdivision is authorized to receive and expend revenue resulting therefrom in the manner as otherwise provided by law.

(e)";

On page 7, after line 7, by inserting the following:

"New Sec. 10. As used in sections 10 through 14, and amendments thereto:

(a) "New renewable electric cogeneration facility" means a renewable electric cogeneration facility which is located in this state and construction of which begins after December 31, 2006.

(b) "Pass-through entity" means any: (1) Corporation which is exempt from income tax under section 1363 of the federal internal revenue code and which complies with the requirements of K.S.A. 79-32,100e, and amendments thereto; (2) limited liability company; (3) partnership; or (4) limited liability partnership.

(c) "Qualified investment" means expenditures made in construction of a new renewable electric cogeneration facility, for real and tangible personal property incorporated in and used as part of such facility.

(d) "Renewable electric cogeneration facility" means a facility which generates electricity utilizing renewable energy resources or technologies, as defined in K.S.A. 79-201, and amendments thereto, and which is owned and operated by the owner of an industrial, commercial or agricultural process to generate electricity for use in such process to displace current or provide for future electricity use.

New Sec. 11. (a) For taxable years commencing after December 31, 2006, and before January 1, 2012, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$50,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$50,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new renewable electric cogeneration facility.

(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

(d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary

determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the renewable electric cogeneration facility project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the new renewable electric cogeneration facility for at least 10 years during the term that the tax credit is available.

(2) A taxpayer must comply with the terms of the agreement described in subsection (d)(1) to receive an annual installment of the tax credit awarded under this act. The secretary of commerce, in accordance with rules and regulations of the secretary, shall annually determine whether the taxpayer is in compliance with the agreement. Such agreement shall include, but not be limited to, operation of the new renewable electric cogeneration facility during the tax years when any installments of tax credits are claimed by the taxpayer. If the secretary determines that the taxpayer is in compliance, the secretary shall issue a certificate of compliance to the taxpayer. If the secretary determines that the taxpayer is not in compliance with the agreement, the secretary shall notify the taxpayer and the secretary of revenue of such determination of noncompliance, and any tax credits claimed pursuant to this section for any tax year shall be forfeited.

(3) The secretary of commerce may adopt rules and regulations to administer the provisions of this subsection.

New Sec. 12. (a) If a qualified investment is made by or transferred to a pass-through entity and the credit allowed by this act for a taxable year is greater than the entity's tax liability against which the tax credit may be applied, a shareholder, partner or member of the entity is entitled to a tax credit equal to the tax credit determined for the entity for the taxable year in excess of the entity's tax liability under the Kansas income tax act for the taxable year multiplied by the percentage of the entity's distributive income to which the shareholder, partner or member is entitled.

(b) If a new renewable electric cogeneration facility is co-owned by two or more taxpayers, the amount of the credit that may be allowed to a co-owner in a taxable year is equal to the tax credit determined under section 11, and amendments thereto, with respect to the total qualified investment in such facility multiplied by the co-owner's percentage of ownership in such facility.

(c) Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the entity places into service the new renewable electric cogeneration facility.

(d) If the amount of an annual installment of a tax credit allowed a shareholder, partner, member or co-owner under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

New Sec. 13. To receive the credit awarded by this act, a taxpayer must claim the credit on the taxpayer's annual state income tax return or returns in the manner prescribed by the director of taxation. The taxpayer shall submit to the director a copy of the taxpayer's agreement for a tax credit entered into with the secretary of commerce pursuant to section 11, and amendments thereto, and all information that the director determines necessary for the calculation of the credit provided by this act.

New Sec. 14. (a) In addition to the income tax credit allowable pursuant to sections 10 through 13, and amendments thereto, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of a new renewable electric cogeneration facility based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such new renewable electric cogeneration facility for the first taxable year in which such new renewable electric cogeneration facility is in production and 5% of the amortizable costs of such new renewable electric cogeneration facility for each of the next nine taxable years.

(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2006.

(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

New Sec. 15. (a) For the purpose of financing the construction of a new renewable electric cogeneration facility, the Kansas development finance authority is hereby authorized to issue revenue bonds pursuant to the Kansas development finance authority act, K.S.A. 74-8901 et seq., and amendments thereto, in amounts sufficient to pay the costs of such construction, including any required interest on the bonds during construction and installation, plus all amounts required for the costs of bond issuance, costs of credit enhancement or other financial contracts, capitalized interest and any required reserves on the bonds. The bonds, and interest thereon, issued pursuant to this section shall be payable from revenues pledged to the Kansas development finance authority for such purpose, which may include revenues derived from cost savings attributable to the renewable electric cogeneration facility.

(b) The provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, shall not prohibit the issuance of bonds by the Kansas development finance authority for the purposes of this section and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, which would operate to preclude such issuance.

(c) Revenue bonds, including refunding revenue bonds, issued under this section shall not constitute an indebtedness of the state of Kansas, nor shall they constitute indebtedness within the meaning of any constitutional or statutory provision limiting the incurring of indebtedness.

(d) Revenue bonds, including refunding revenue bonds, issued hereunder and the income derived therefrom are and shall be exempt from all state, county and municipal taxation in the state of Kansas, except Kansas estate taxes.

(e) As used in this section, terms have the meanings provided in section 10, and amendments thereto.

New Sec. 16. (a) For the purpose of financing the construction, purchase and installation of a waste heat utilization system at an electric generation facility, the Kansas development finance authority is hereby authorized to issue revenue bonds pursuant to the Kansas development finance authority act, K.S.A. 74-8901 et seq., and amendments thereto, in amounts sufficient to pay the costs of such construction, including any required interest on the bonds during construction and installation, plus all amounts required for the costs of bond issuance, costs of credit enhancement or other financial contracts, capitalized interest and any required reserves on the bonds. The bonds, and interest thereon, issued pursuant to this section shall be payable from revenues pledged to the Kansas development finance authority for such purpose, which may include revenues derived from sales of electricity generated by such generation facility.

(b) The provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, shall not prohibit the issuance of bonds by the Kansas development finance authority for the purposes of this section and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, which would operate to preclude such issuance.

(c) Revenue bonds, including refunding revenue bonds, issued under this section shall not constitute an indebtedness of the state of Kansas, nor shall they constitute indebtedness within the meaning of any constitutional or statutory provision limiting the incurring of indebtedness.

(d) Revenue bonds, including refunding revenue bonds, issued hereunder and the income derived therefrom are and shall be exempt from all state, county and municipal taxation in the state of Kansas, except Kansas estate taxes.

(e) As used in this section, "waste heat utilization system" means facilities and equipment for the recovery of waste heat generated in the process of generating electricity at an electric generation facility located in this state and the use of such heat to generate additional

electricity or to produce fuels from renewable energy resources or technologies, as defined in K.S.A. 79-201, and amendments thereto.

New Sec. 17. (a) The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas: Any waste heat utilization system property.

(b) The provisions of subsection (a) shall apply from and after purchase or commencement of construction or installation of such property and for the 10 taxable years immediately following the taxable year in which construction or installation of such property is completed.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2006.

(d) As used in this section:

(1) "Waste heat utilization system" has the meaning provided in section 16, and amendments thereto.

(2) "Waste heat utilization system property" means any real or tangible personal property purchased, constructed or installed for incorporation in and use as part of a waste heat utilization system.

New Sec. 18. (a) A taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of a waste heat utilization system based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such system for the first taxable year in which such system is in operation and 5% of the amortizable costs of such system for each of the next nine taxable years.

(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2006.

(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

(e) As used in this section, "waste heat utilization system" has the meaning provided by section 16, and amendments thereto.

Sec. 19. K.S.A. 2006 Supp. 74-8949b is hereby amended to read as follows: 74-8949b. (a) For the purpose of financing the construction of a new ~~cellulosic alcohol biomass-to-energy~~ plant or expansion of an existing ~~cellulosic alcohol biomass-to-energy~~ plant, the Kansas development finance authority is hereby authorized to issue revenue bonds pursuant to the Kansas development finance authority act, K.S.A. 74-8901 et seq., and amendments thereto, in amounts sufficient to pay the costs of such construction or expansion, including any required interest on the bonds during construction and installation, plus all amounts required for the costs of bond issuance, costs of credit enhancement or other financial contracts, capitalized interest and any required reserves on the bonds. The bonds, and interest thereon, issued pursuant to this section shall be payable from revenues pledged to the Kansas development finance authority for such purpose, which may include revenues derived from sales of ~~cellulosic alcohol products~~ *fuels, energy and coproducts* produced at the plant.

(b) The provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, shall not prohibit the issuance of bonds by the Kansas development finance authority for the purposes of this section and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, which would operate to preclude such issuance.

(c) Revenue bonds, including refunding revenue bonds, issued under this section shall not constitute an indebtedness of the state of Kansas, nor shall they constitute indebtedness within the meaning of any constitutional or statutory provision limiting the incurring of indebtedness.

(d) Revenue bonds, including refunding revenue bonds, issued hereunder and the income derived therefrom are and shall be exempt from all state, county and municipal taxation in the state of Kansas, except Kansas estate taxes.

(e) As used in this section:

(1) "~~Cellulosic alcohol Biomass-to-energy~~ plant" has the meaning provided by K.S.A. 2006 Supp. 79-32,233, and amendments thereto.

(2) "Expansion of an existing ~~cellulosic alcohol biomass-to-energy~~ plant" means expansion, beginning after December 31, 2005, of the capacity of an existing ~~cellulosic alcohol biomass-to-energy~~ plant by at least 10% of such capacity.

(3) "New ~~cellulosic alcohol biomass-to-energy~~ plant" means a ~~cellulosic alcohol biomass-to-energy~~ plant, construction of which begins after December 31, 2005.

Sec. 20. K.S.A. 2006 Supp. 79-229 is hereby amended to read as follows: 79-229. (a) The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas: Any new ~~cellulosic alcohol biomass-to-energy~~ plant property or any expanded ~~cellulosic alcohol biomass-to-energy~~ plant property.

(b) The provisions of subsection (a) shall apply from and after purchase or commencement of construction or installation of such property and for the 10 taxable years immediately following the taxable year in which construction or installation of such property is completed.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2005.

(d) As used in this section:

(1) "~~Cellulosic alcohol Biomass-to-energy~~ plant" has the meaning provided by K.S.A. 2006 Supp. 79-32,233, and amendments thereto.

(2) "Expanded ~~cellulosic alcohol biomass-to-energy~~ plant property" means any real or tangible personal property purchased, constructed or installed for incorporation in and use as part of an expansion of an existing ~~cellulosic alcohol biomass-to-energy~~ plant, construction of which expansion begins after December 31, 2005.

(3) "Expansion of an existing ~~cellulosic alcohol biomass-to-energy~~ plant" means expansion of the capacity of an existing ~~cellulosic alcohol biomass-to-energy~~ plant by at least 10% of such capacity.

(4) "New ~~cellulosic alcohol biomass-to-energy~~ plant property" means any real or tangible personal property purchased, constructed or installed for incorporation in and use as part of a ~~cellulosic alcohol biomass-to-energy~~ plant, construction of which begins after December 31, 2005.

Sec. 21. K.S.A. 2006 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117.

(a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter.

(iii) The federal net operating loss deduction.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate

of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments to such sections.

(vii) The amount of any charitable contribution made to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto.

(viii) The amount of any costs incurred for improvements to a swine facility, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-32,204 and amendments thereto.

(ix) The amount of any ad valorem taxes and assessments paid and the amount of any costs incurred for habitat management or construction and maintenance of improvements on real property, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203 and amendments thereto.

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 2006 Supp. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross income pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments thereto, or if such amounts are not already included in the federal adjusted gross income.

(xi) The amount of any contribution made to the same extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 2006 Supp. 74-50,154, and amendments thereto.

(xii) For taxable years commencing after December 31, 2004, amounts received as withdrawals not in accordance with the provisions of K.S.A. 2006 Supp. 74-50,204, and amendments thereto, if, at the time of contribution to an individual development account, such amounts were subtracted from the federal adjusted gross income pursuant to paragraph (xiii) of subsection (c), or if such amounts are not already included in the federal adjusted gross income.

(xiii) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-32,217 through 79-32,220 or 79-32,222, and amendments thereto.

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

(xv) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-32,236, 79-32,238 through 79-32,241, sections 10 through 13 or sections 32 through 35, and amendments thereto.

(xvi) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2006 Supp. 79-32,227, 79-32,232, 79-32,237, section 14, 18 or 36, and amendments thereto.

(xvii) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-32,228 through 79-32,231, and amendments thereto.

- ~~— (xviii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2006 Supp. 79-32,232, and amendments thereto.~~
- ~~— (xix) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-32,233 through 79-32,236, and amendments thereto.~~
- ~~— (xx) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2006 Supp. 79-32,237, and amendments thereto.~~
- ~~— (xxi) The amount of any expenditures claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-32,236 through 79-32,241, and amendments thereto.~~
- (c) There shall be subtracted from federal adjusted gross income:
 - (i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions less any related expenses directly incurred in the purchase of such obligations or securities, to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.
 - (ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.
 - (iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income.
 - (iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.
 - (v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.
 - (vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income.
 - (vii) Amounts received as annuities under the federal civil service retirement system from the civil service retirement and disability fund and other amounts received as retirement benefits in whatever form which were earned for being employed by the federal government or for service in the armed forces of the United States.
 - (viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1) et seq.
 - (ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.
 - (x) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. 280 C.
 - (xi) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas Venture Capital, Inc.
 - (xii) For taxable years beginning after December 31, 1989, amounts received by retired employees of a board of public utilities as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249 and amendments thereto.

(xiii) For taxable years beginning after December 31, 2004, amounts contributed to and the amount of income earned on contributions deposited to an individual development account under K.S.A. 2006 Supp. 74-50,201, et seq., and amendments thereto.

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation.

(xv) For all taxable years beginning after December 31, 1999, amounts not exceeding ~~\$2,000, or \$4,000~~ \$3,000 or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. For all taxable years beginning after December 31, ~~2004~~ 2006, amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a ~~family postsecondary education savings account established under the Kansas postsecondary education savings program~~ *qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended*, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2006 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) For the tax year beginning after December 31, 2004, an amount not exceeding \$500; for the tax year beginning after December 31, 2005, an amount not exceeding \$600; for the tax year beginning after December 31, 2006, an amount not exceeding \$700; for the tax year beginning after December 31, 2007, an amount not exceeding \$800; for the tax year beginning December 31, 2008, an amount not exceeding \$900; and for all taxable years commencing after December 31, 2009, an amount not exceeding \$1,000 of the premium costs for qualified long-term care insurance contracts, as defined by subsection (b) of section 7702B of public law 104-191.

(xvii) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are or were members of the armed forces of the United States, including service in the Kansas army and air national guard, as a recruitment, sign up or retention bonus received by such taxpayer as an incentive to join, enlist or remain in the armed services of the United States, including service in the Kansas army and air national guard, and amounts received for repayment of educational or student loans incurred by or obligated to such taxpayer and received by such taxpayer as a result of such taxpayer's service in the armed forces of the United States, including service in the Kansas army and air national guard.

(xviii) For all taxable years beginning after December 31, 2004, amounts received by taxpayers who are eligible members of the Kansas army and air national guard as a reimbursement pursuant to K.S.A. 48-281, and amendments thereto, and amounts received for death benefits pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to section 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and amendments thereto, to the extent that such death benefits are included in federal adjusted gross income of the taxpayer.

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be

determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.

Sec. 22. K.S.A. 2006 Supp. 79-32,120 is hereby amended to read as follows: 79-32,120.

(a) If federal taxable income of an individual is determined by itemizing deductions from such individual's federal adjusted gross income, such individual may elect to deduct the Kansas itemized deduction in lieu of the Kansas standard deduction. The Kansas itemized deduction of an individual means the total amount of deductions from federal adjusted gross income, other than federal deductions for personal exemptions, as provided in the federal internal revenue code with the modifications specified in this section.

(b) The total amount of deductions from federal adjusted gross income shall be reduced by the total amount of income taxes imposed by or paid to this state or any other taxing jurisdiction to the extent that the same are deducted in determining the federal itemized deductions and by the amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction allowed by K.S.A. 2006 Supp. 79-32,221, 79-32,227, 79-32,232 ~~or~~, 79-32,237, *section 14, 18 or 36*, and amendments thereto, is or has been claimed.

Sec. 23. K.S.A. 2006 Supp. 79-32,138 is hereby amended to read as follows: 79-32,138.

(a) Kansas taxable income of a corporation taxable under this act shall be the corporation's federal taxable income for the taxable year with the modifications specified in this section.

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

(ii) The amount of all depreciation deductions claimed for any property upon which the deduction allowed by K.S.A. 2006 Supp. 79-32,221, 79-32,227, 79-32,232 ~~or~~, 79-32,237, *section 14, 18 or 36*, and amendments thereto, is claimed.

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

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

(ii) The federal income tax liability for any taxable year commencing prior to December 31, 1971, for which a Kansas return was filed after reduction for all credits thereon, except credits for payments on estimates of federal income tax, credits for gasoline and lubricating oil tax, and for foreign tax credits if, on the Kansas income tax return for such prior year, the federal income tax deduction was computed on the basis of the federal income tax paid in such prior year, rather than as accrued. Notwithstanding the foregoing, the deduction for federal income tax liability for any year shall not exceed that portion of the total federal income tax liability for such year which bears the same ratio to the total federal income tax liability for such year as the Kansas taxable income, as computed before any deductions for federal income taxes and after application of subsections (d) and (e) of this section as existing for such year, bears to the federal taxable income for the same year.

(iii) An amount for the amortization deduction allowed pursuant to K.S.A. 2006 Supp. 79-32,221, 79-32,227, 79-32,232 ~~or~~, 79-32,237, *section 14, 18 or 36*, and amendments thereto.

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

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

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

minus the deduction for federal income taxes as provided by subsection (c)(ii) shall be such corporation's Kansas taxable income.

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

Sec. 24. K.S.A. 2006 Supp. 79-32,218 is hereby amended to read as follows: 79-32,218.

(a) For taxable years commencing after December 31, 2005, *and before January 1, 2011*, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$250,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$250,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new refinery, the expansion of an existing refinery or the restoration of production of a refinery as provided in this section.

(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

(d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the refinery project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the new, expanded or restored refinery for at least 10 years during the term that the tax credit is available.

(2) A taxpayer must comply with the terms of the agreement described in subsection (d)(1) to receive an annual installment of the tax credit awarded under this act. The secretary of commerce, in accordance with rules and regulations of the secretary, shall annually determine whether the taxpayer is in compliance with the agreement. Such determination of compliance shall include, but not be limited to, operation of the new, expanded or restored refinery during the tax years when any installments of tax credits are claimed by the taxpayer. If the secretary determines that the taxpayer is in compliance, the secretary shall issue a certificate of compliance to the taxpayer. If the secretary determines that the taxpayer is not in compliance with the agreement, the secretary shall notify the taxpayer and the secretary of revenue of such determination of noncompliance, and any tax credits claimed pursuant to this section for any tax year shall be forfeited.

(3) The secretary of commerce may adopt rules and regulations to administer the provisions of this subsection.

Sec. 25. K.S.A. 2006 Supp. 79-32,224 is hereby amended to read as follows: 79-32,224.

(a) For taxable years commencing after December 31, 2005, *and before January 1, 2011*, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the

secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$250,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$250,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new qualifying pipeline.

(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

(d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the qualifying pipeline project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the new qualifying pipeline for at least 10 years during the term that the tax credit is available.

(2) A taxpayer must comply with the terms of the agreement described in subsection (d)(1) to receive an annual installment of the tax credit awarded under this act. The secretary of commerce, in accordance with rules and regulations of the secretary, shall annually determine whether the taxpayer is in compliance with the agreement. Such agreement shall include, but not be limited to, operation of the new qualifying pipeline during the tax years when any installments of tax credits are claimed by the taxpayer. If the secretary determines that the taxpayer is in compliance, the secretary shall issue a certificate of compliance to the taxpayer. If the secretary determines that the taxpayer is not in compliance with the agreement, the secretary shall notify the taxpayer and the secretary of revenue of such determination of noncompliance, and any tax credits claimed pursuant to this section for any tax year shall be forfeited.

(3) The secretary of commerce may adopt rules and regulations to administer the provisions of this subsection.

Sec. 26. K.S.A. 2006 Supp. 79-32,229 is hereby amended to read as follows: 79-32,229.

(a) For taxable years commencing after December 31, 2005, and before January 1, 2011, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$250,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$250,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new integrated coal or coke gasification nitrogen fertilizer plant or the expansion of an existing integrated coal or coke gasification nitrogen fertilizer plant.

(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is

allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

(d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the nitrogen fertilizer plant project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year, (D) a requirement that the taxpayer shall maintain operation of the new or expanded nitrogen fertilizer plant for at least 10 years during the term that the tax credit is available and (E) if the taxpayer's nitrogen fertilizer plant uses a coal gasification process, a requirement that the taxpayer shall use at the taxpayer's integrated coal gasification nitrogen fertilizer plant in any taxable year for which an annual installment of the credit is allowed that percentage of Kansas coal which the secretary determines practicable, based on availability and cost of Kansas coal, in such year.

(2) A taxpayer must comply with the terms of the agreement described in subsection (d)(1) to receive an annual installment of the tax credit awarded under this act. The secretary of commerce, in accordance with rules and regulations of the secretary, shall annually determine whether the taxpayer is in compliance with the agreement. Such determination of compliance shall include, but not be limited to, operation of the new or expanded integrated coal or coke gasification nitrogen fertilizer plant during the tax years when any installments of tax credits are claimed by the taxpayer. If the secretary determines that the taxpayer is in compliance, the secretary shall issue a certificate of compliance to the taxpayer. If the secretary determines that the taxpayer is not in compliance with the agreement, the secretary shall notify the taxpayer and the secretary of revenue of such determination of noncompliance, and any tax credits claimed pursuant to this section for any tax year shall be forfeited.

(3) The secretary of commerce may adopt rules and regulations to administer the provisions of this subsection.

Sec. 27. K.S.A. 2006 Supp. 79-32,233 is hereby amended to read as follows: 79-32,233. As used in K.S.A. 2006 Supp. 79-32,233 through 79-32,236, and amendments thereto:

(a) ~~“Cellulosic alcohol plant”~~ *“Biomass” means any organic matter available on a renewable or recurring basis, including solid and liquid organic waste, but excluding: (1) Petroleum oil, natural gas, coal and lignite, and any products thereof; and (2) corn or grain sorghum suitable for human consumption.*

(b) *“Biomass-to-energy plant” means an industrial process plant, located in this state, where matter which contains cellulose and is available on a renewable or recurring basis is processed to produce cellulosic alcohol and coproducts biomass is processed to produce annually any of the following, and coproducts: (1) Not less than 500,000 gallons of cellulosic alcohol; (2) liquid or gaseous fuel or energy in a quantity having BTU value equal to or greater than 500,000 gallons of cellulosic alcohol; or (3) oil produced for direct conversion into fuel in a quantity having BTU value equal to or greater than 500,000 gallons of cellulosic alcohol.*

(c) *“Expansion of an existing ~~cellulosic alcohol biomass-to-energy~~ plant” means expansion which begins after December 31, 2005, of the capacity of an existing ~~cellulosic alcohol biomass-to-energy~~ plant by at least 10% of such capacity.*

(d) *“New ~~cellulosic alcohol biomass-to-energy~~ plant” means a ~~cellulosic alcohol biomass-to-energy~~ plant, construction of which begins after December 31, 2005.*

(e) *“Pass-through entity” means any: (1) Corporation which is exempt from income tax under section 1363 of the federal internal revenue code and which complies with the*

requirements of K.S.A. 2006 Supp. 79-32,100e, and amendments thereto; (2) limited liability company; (3) partnership; or (4) limited liability partnership.

(f) "Qualified investment" means expenditures made in construction of a new ~~cellulosic alcohol~~ biomass-to-energy plant or in expansion of the capacity of an existing ~~cellulosic alcohol~~ biomass-to-energy plant, for real and tangible personal property incorporated in and used as part of such plant.

Sec. 28. K.S.A. 2006 Supp. 79-32,234 is hereby amended to read as follows: 79-32,234.

(a) For taxable years commencing after December 31, 2005, *and before January 1, 2011*, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$250,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$250,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new ~~cellulosic alcohol~~ biomass-to-energy plant or the expansion of an existing ~~cellulosic alcohol~~ biomass-to-energy plant.

(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

(d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the ~~cellulosic alcohol~~ biomass-to-energy plant project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the new or expanded ~~cellulosic alcohol~~ biomass-to-energy plant for at least 10 years during the term that the tax credit is available.

(2) A taxpayer must comply with the terms of the agreement described in subsection (d)(1) to receive an annual installment of the tax credit awarded under this act. The secretary of commerce, in accordance with rules and regulations of the secretary, shall annually determine whether the taxpayer is in compliance with the agreement. Such determination of compliance shall include, but not be limited to, operation of the new or expanded ~~cellulosic alcohol~~ biomass-to-energy plant during the tax years when any installments of tax credits are claimed by the taxpayer. If the secretary determines that the taxpayer is in compliance, the secretary shall issue a certificate of compliance to the taxpayer. If the secretary determines that the taxpayer is not in compliance with the agreement, the secretary shall notify the taxpayer and the secretary of revenue of such determination of noncompliance, and any tax credits claimed pursuant to this section for any tax year shall be forfeited.

(3) The secretary of commerce may adopt rules and regulations to administer this subsection.

Sec. 29. K.S.A. 2006 Supp. 79-32,235 is hereby amended to read as follows: 79-32,235.

(a) If a qualified investment is made by or transferred to a pass-through entity and the credit allowed by this act for a taxable year is greater than the entity's tax liability against which

the tax credit may be applied, a shareholder, partner or member of the entity is entitled to a tax credit equal to the tax credit determined for the entity for the taxable year in excess of the entity's tax liability under the Kansas income tax act for the taxable year multiplied by the percentage of the entity's distributive income to which the shareholder, partner or member is entitled.

(b) If a ~~cellulosic alcohol~~ *biomass-to-energy* plant is co-owned by two or more taxpayers, the amount of the credit that may be allowed to a co-owner in a taxable year is equal to the tax credit determined under K.S.A. 2006 Supp. 79-32,234, and amendments thereto, with respect to the total qualified investment in such plant multiplied by the co-owner's percentage of ownership in such plant.

(c) Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the entity places into service the new ~~cellulosic alcohol~~ *biomass-to-energy* plant or the expansion of an existing ~~cellulosic alcohol~~ *biomass-to-energy* plant.

(d) If the amount of an annual installment of a tax credit allowed a shareholder, partner, member or co-owner under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

Sec. 30. K.S.A. 2006 Supp. 79-32,237 is hereby amended to read as follows: 79-32,237.

(a) In addition to the income tax credit allowable pursuant to K.S.A. 2006 Supp. 79-32,233 through 79-32,236, and amendments thereto, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of a new ~~cellulosic alcohol~~ *biomass-to-energy* plant or an expansion of an existing ~~cellulosic alcohol~~ *biomass-to-energy* plant based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such new plant or expansion of an existing plant for the first taxable year in which such new plant or expansion of an existing plant is in production and 5% of the amortizable costs of such new plant or expansion of an existing plant for each of the next nine taxable years.

(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2005.

(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

(e) As used in this section, terms have the meanings provided by K.S.A. 2006 Supp. 79-32,233, and amendments thereto.

Sec. 31. K.S.A. 2006 Supp. 79-32,239 is hereby amended to read as follows: 79-32,239.

(a) For taxable years commencing after December 31, 2005, *and before January 1, 2011*, any taxpayer who is awarded a tax credit under this act by the commission and complies with the conditions set forth in this act and the agreement entered into by the commission and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b). Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$250,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$250,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the new integrated coal gasification power plant or the expansion of an existing integrated coal gasification power plant.

(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for

deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

(d) (1) Before making a qualified investment, a taxpayer shall apply to the commission to enter into an agreement for a tax credit under this act. The commission shall prescribe the form of the application. After receipt of such application, the commission may enter into an agreement with the applicant for a credit under this act if the commission determines that the taxpayer's proposed investment satisfies the requirements of this act. The commission shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the power plant project that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year, (D) a requirement that the taxpayer shall maintain operation of the new or expanded power plant for at least 10 years during the term that the tax credit is available, (E) a requirement that the taxpayer shall use at the taxpayer's integrated coal gasification power plant in any taxable year for which an annual installment of the credit is allowed that percentage of Kansas coal which the commission determines is prudent, based on availability and cost of Kansas coal, in such year and (F) a requirement that the taxpayer obtain from the commission a determination that the public necessity and convenience require, or will require, construction of the taxpayer's integrated coal gasification power plant.

(2) A taxpayer must comply with the terms of the agreement described in subsection (d)(1) to receive an annual installment of the tax credit awarded under this act. The commission, in accordance with rules and regulations of the commission, shall annually determine whether the taxpayer is in compliance with the agreement. Such determination of compliance shall include, but not be limited to, operation of the new or expanded integrated coal gasification power plant during the tax years when any installments of tax credits are claimed by the taxpayer. If the commission determines that the taxpayer is in compliance, the commission shall issue a certificate of compliance to the taxpayer. If the secretary determines that the taxpayer is not in compliance with the agreement, the secretary shall notify the taxpayer and the secretary of revenue of such determination of noncompliance, and any tax credits claimed pursuant to this section for any tax year shall be forfeited.

(3) The state corporation commission may adopt rules and regulations to administer the provisions of this subsection.

New Sec. 32. As used in sections 32 through 36, and amendments thereto:

(a) "Biofuel" means fuel made from organic matter, including solid and liquid organic waste, but excluding fuel made from oil, natural gas, coal or lignite, or any product thereof.

(b) "Fuel terminal" means a fuel storage and distribution facility which is supplied by motor vehicle, pipeline or marine vessel and from which motor fuels may be removed at a rack. "Fuel terminal" does not include any facility at which motor fuel blend stocks and additives are used in the manufacture of products other than motor fuels and from which no motor fuels are removed.

(c) "Qualified investment" means expenditures made for purchase, construction or installation of storage and blending equipment.

(d) "Refinery" means an industrial process plant, located in this state, where crude oil is processed and refined into petroleum products.

(e) "Storage and blending equipment" means any equipment which is used for storing and blending petroleum-based fuel and biodiesel, ethanol or other biofuel and is installed at a fuel terminal, refinery or biofuel production plant. "Storage and blending equipment" does not include equipment used only for denaturing ethyl alcohol.

New Sec. 33. (a) For taxable years commencing after December 31, 2006, and before January 1, 2012, any taxpayer who is awarded a tax credit under this act by the secretary of commerce and complies with the conditions set forth in this act and the agreement entered into by the secretary and the taxpayer under this act shall be allowed a credit against the taxpayer's tax liability under the Kansas income tax act as provided in subsection (b).

Expenditures used to qualify for this credit shall not be used to qualify for any other type of Kansas income tax credit.

(b) The amount of the credit to which a taxpayer is entitled shall be equal to the sum of: (1) An amount equal to 10% of the taxpayer's qualified investment for the first \$10,000,000 invested and (2) an amount equal to 5% of the amount of the taxpayer's qualified investment that exceeds \$10,000,000. Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the taxpayer places into service the storage and blending equipment.

(c) If the amount of an annual installment of a tax credit allowed under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the annual installment of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

(d) (1) Before making a qualified investment, a taxpayer shall apply to the secretary of commerce to enter into an agreement for a tax credit under this act. The secretary shall prescribe the form of the application. After receipt of such application, the secretary may enter into an agreement with the applicant for a credit under this act if the secretary determines that the taxpayer's proposed investment satisfies the requirements of this act. The secretary shall enter into an agreement with an applicant which is awarded a credit under this act. The agreement shall include: (A) A detailed description of the storage and blending equipment that is the subject of the agreement, (B) the first taxable year for which the credit may be claimed, (C) the maximum amount of tax credit that will be allowed for each taxable year and (D) a requirement that the taxpayer shall maintain operation of the equipment for at least 10 years during the term that the tax credit is available.

(2) A taxpayer must comply with the terms of the agreement described in subsection (d)(1) to receive an annual installment of the tax credit awarded under this act. The secretary of commerce, in accordance with rules and regulations of the secretary, shall annually determine whether the taxpayer is in compliance with the agreement. Such agreement shall include, but not be limited to, operation of the storage and blending equipment during the tax years when any installments of tax credits are claimed by the taxpayer. If the secretary determines that the taxpayer is in compliance, the secretary shall issue a certificate of compliance to the taxpayer. If the secretary determines that the taxpayer is not in compliance with the agreement, the secretary shall notify the taxpayer and the secretary of revenue of such determination of noncompliance, and any tax credits claimed pursuant to this section for any tax year shall be forfeited.

(3) The secretary of commerce may adopt rules and regulations to administer the provisions of this subsection.

New Sec. 34. (a) If a qualified investment is made by or transferred to a pass-through entity and the credit allowed by this act for a taxable year is greater than the entity's tax liability against which the tax credit may be applied, a shareholder, partner or member of the entity is entitled to a tax credit equal to the tax credit determined for the entity for the taxable year in excess of the entity's tax liability under the Kansas income tax act for the taxable year multiplied by the percentage of the entity's distributive income to which the shareholder, partner or member is entitled.

(b) If the storage and blending equipment is co-owned by two or more taxpayers, the amount of the credit that may be allowed to a co-owner in a taxable year is equal to the tax credit determined under section 33, and amendments thereto, with respect to the total qualified investment in such equipment multiplied by the co-owner's percentage of ownership in such equipment.

(c) Such credit shall be taken in 10 equal, annual installments, beginning with the year in which the entity places into service the storage and blending equipment.

(d) If the amount of an annual installment of a tax credit allowed a shareholder, partner, member or co-owner under this section exceeds the taxpayer's income tax liability for the taxable year in which the annual installment is allowed, the amount thereof which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability

in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability, except that no such tax credit shall be carried over for deduction after the 14th taxable year succeeding the taxable year in which the first annual installment is allowed.

New Sec. 35. To receive the credit awarded by this act, a taxpayer must claim the credit on the taxpayer's annual state income tax return or returns in the manner prescribed by the director of taxation. The taxpayer shall submit to the director a copy of the taxpayer's agreement for a tax credit entered into with the secretary of commerce pursuant to section 33, and amendments thereto, and all information that the director determines necessary for the calculation of the credit provided by this act.

New Sec. 36. (a) In addition to the income tax credit allowable pursuant to sections 32 through 35, and amendments thereto, a taxpayer shall be entitled to a deduction from Kansas adjusted gross income with respect to the amortization of the amortizable costs of storage and blending equipment based upon a period of 10 years. Such amortization deduction shall be an amount equal to 55% of the amortizable costs of such equipment for the first taxable year in which such equipment is in production and 5% of the amortizable costs of such equipment for each of the next nine taxable years.

(b) The election of the taxpayer to claim the deduction allowed by subsection (a) shall be made by filing a statement of such election with the secretary of revenue in the manner and form and within the time prescribed by rules and regulations adopted by the secretary.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2006.

(d) The secretary of revenue shall adopt such rules and regulations as deemed necessary to carry out the provisions of this section.

New Sec. 37. (a) The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas: Any storage and blending equipment.

(b) The provisions of subsection (a) shall apply from and after installation of such equipment and for the 10 taxable years immediately following the taxable year in which installation of such equipment is completed.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2006.

(d) As used in this section, "storage and blending equipment" has the meaning provided in section 32, and amendments thereto.;

And by renumbering the remaining sections accordingly;

Also on page 7, in line 9, after "66-1,160" by inserting "; 74-8949b, 79-229, 79-32,117, 79-32,117, 79-32,120, 79-32,138, 79-32,218, 79-32,224, 79-32,229, 79-32,233, 79-32,234, 79-32,235, 79-32,237 and 79-32,239";

On page 1, in the title, in line 10, after "concerning" by inserting "energy; relating to"; also in line 10, by striking "; concerning" and inserting a comma; also in line 10, by striking the last semicolon and inserting "and"; in line 11, before "amending" by inserting "production of energy from renewable energy resources or technologies and use of waste energy, income tax credits and deductions and property tax exemptions; certain fuel storage and blending equipment, income tax credits and deductions and property tax exemptions;"; in line 13, after "66-1,160" by inserting "; 74-8949b, 79-229, 79-32,117, 79-32,120, 79-32,138, 79-32,218, 79-32,224, 79-32,229, 79-32,233, 79-32,234, 79-32,235, 79-32,237 and 79-32,239"; also in line 13, after "sections" by inserting "; also repealing K.S.A. 2006 Supp. 79-32,117"; and the bill be passed as amended.

Committee on **Commerce** recommends **HB 2316**, as amended by House Committee, be amended on page 2, following line 38 by inserting the following:

"Sec. 2. K.S.A. 2006 Supp. 44-712 is hereby amended to read as follows: 44-712. (a) *Establishment and control.* There is hereby established as a special fund in the state treasury, separate and apart from all public moneys or funds of this state, an employment security fund, which shall be administered by the secretary as provided in this act. This fund shall consist of: (1) All contributions collected under this act; (2) interest earned upon any moneys in the fund; (3) all moneys credited to this state's account in the federal unemployment trust fund, pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended;

(4) any property or securities acquired through the use of moneys belonging to the fund, and all other moneys received for the fund from any other source; (5) all earnings of such property or securities. All moneys in this fund shall be mingled and undivided.

(b) *Accounts and deposits.* The state treasurer shall be ex officio custodian of the fund. Payments from the fund, and for the purposes of this act deposits with the secretary of the treasury of the United States shall not be deemed to be payments from the fund, shall be made ~~upon warrants drawn upon the state treasurer by the director of accounts and reports upon vouchers by any commercially-accepted means~~ approved by the secretary. There shall be maintained within the fund three separate accounts: (1) A clearing account; (2) an unemployment trust fund account, and (3) a benefit account. All money payable to the fund upon receipt thereof by the secretary, 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 to the credit of the clearing account of the fund. Refunds payable pursuant to K.S.A. 44-717, and amendments thereto, may be paid from the clearing account of the fund by ~~warrants drawn by the director of accounts and reports upon the state treasurer upon vouchers any commercially-accepted means~~ approved by the secretary. After clearance thereof, all other moneys in the clearing account of the fund shall be immediately deposited with the secretary of the treasury of the United States of America to the credit of the account of this state in the federal unemployment trust fund established and maintained pursuant to section 904 of the social security act, 42 U.S.C.A. § 1104, as amended, any provisions of law in this state relating to the deposit, administration, release, or disbursement of moneys in the possession or custody of this state to the contrary notwithstanding. The benefit account of the fund shall consist of all moneys requisitioned from this state's account in the federal unemployment trust fund. Except as herein otherwise provided, moneys in the clearing and benefit accounts of the fund may be deposited by the state treasurer in any bank or public depository as is now provided by law for the deposit of general funds of the state, but no public deposit insurance charge or premium shall be paid out of the fund. Moneys in the clearing and benefit accounts of the fund shall not be commingled with other state funds and shall be maintained in separate bank accounts.

(c) *Withdrawals.* Moneys shall be requisitioned from this state's account in the federal unemployment trust fund solely for the payment of benefits and in accordance with the provisions of this act and the rules and regulations adopted by the secretary, except that moneys credited to this state's account pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, shall be used exclusively as provided in subsection (d) of this section. The secretary shall from time to time requisition from the federal unemployment trust fund such amounts, not exceeding the amounts standing to its account therein, as deemed necessary for the payment of benefits for a reasonable future period. Upon receipt thereof the state treasurer shall deposit such moneys in the benefit account of the fund and ~~warrants for the payment~~ *payments* of benefits shall be charged solely against such benefit account of the fund. Expenditures of such moneys in the benefit account and refunds from the clearing account of the fund shall not be subject to any provisions of law requiring specific appropriations. Any balance of moneys requisitioned from the federal unemployment trust fund which remains unclaimed or unpaid in the benefit account of the fund after the expiration of the period for which such sums were requisitioned shall either be deducted from estimates for, and may be utilized for the payment of benefits during succeeding periods, or, in the discretion of the secretary shall be directed to be redeposited with the secretary of the treasury of the United States of America, to the credit of this state's account in the federal unemployment trust fund, as provided in subsection (b) of this section. All balances accrued from unpaid or canceled warrants issued pursuant to this section, notwithstanding the provisions of K.S.A. 10-812, and amendments thereto, shall remain in the benefit account of the fund, and be disbursed in accordance with the provisions of this act relating to such account.

(d) *Administrative use.* (1) Money credited to the account of this state in the federal unemployment trust fund by the secretary of the treasury of the United States of America, pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, may be requisitioned and used for the payment of expenses incurred in the administration of this

act pursuant to a specific appropriation by the legislature, if expenses are incurred and the money is requisitioned after the enactment of an appropriation law which: (A) Specifies the purposes for which such money is appropriated and the amounts appropriated therefor, (B) limits the period within which such money may be obligated to a period ending not more than two years after the date of the enactment of the appropriation law, and (C) limits the amount which may be obligated during a twelve-month period beginning on July 1 and ending on the next June 30 to an amount which does not exceed the amount by which (i) the aggregate of the amounts credited to the account of this state pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, (ii) the aggregate of the amounts obligated pursuant to this subsection and amounts paid out for benefits and charged against the amounts credited to the account of this state. For the purposes of this subsection, amounts obligated during any such twelve-month period shall be charged against equivalent amounts which were first credited and which are not already so charged.

(2) Money credited to the account of this state pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, may not be withdrawn or obligated except for the payment of benefits and for the payment of expenses for the administration of this act and of public employment offices pursuant to this subsection (d).

(3) Money appropriated as provided by this subsection (d) for the payment of expenses of administration shall be requisitioned as needed for the payment of obligations incurred under such appropriation and, upon requisition shall be deposited in the state treasury to the credit of the employment security administration fund from which such payments shall be made. Money so deposited and credited shall, until expended, remain a part of the federal unemployment trust fund, and, if it will not be expended, shall be returned promptly to the account of this state in the federal unemployment trust fund.

(4) Notwithstanding paragraph (1), money credited with respect to federal fiscal years 1999, 2000 and 2001, shall be used solely for the administration of the UC program, and such money shall not otherwise be subject to the requirements of paragraph (1) when appropriated by the legislature.

(e) *Management of funds upon discontinuance of federal unemployment trust fund.* The provisions of subsections (a), (b), (c) and (d) of this section, to the extent that they relate to the federal unemployment trust fund, shall be operative only so long as such unemployment trust fund continues to exist and so long as the secretary of the treasury of the United States of America continues to maintain for this state a separate book account of all funds deposited therein by this state for benefit purposes, together with this state's proportionate share of the earnings of such unemployment trust fund, from which no other state is permitted to make withdrawals. If and when such unemployment trust fund ceases to exist, or such separate book account is no longer maintained, all moneys, properties or securities therein, belonging to the employment security fund of this state, shall be transferred to the state treasurer, to be administered by the secretary as a trust fund for the purpose of paying benefits under this act, and the director of investments upon the direction of the secretary shall have authority to hold, invest, transfer, sell, deposit, and release such moneys, and any properties, securities, or earnings acquired as an incident to such administration.”;

And by renumbering the remaining sections accordingly;

Also on page 2, in line 39, by striking “is” and inserting “and 75-5540 and K.S.A. 2006 Supp. 44-712 are”;

On page 1, in the title, by striking all in lines 10 and 11 and inserting “AN ACT relating to employment; concerning certain methods of payments; amending K.S.A. 44-314 and K.S.A. 2006 Supp. 44-712 and repealing the existing sections; also repealing K.S.A. 75-5540.”; and the bill be passed as amended.

Committee on **Education** recommends **HB 2159** be passed.

Committee on **Health Care Strategies** recommends **SB 309** be amended by substituting a new bill to be designated as “Substitute for SENATE BILL No. 309,” as follows:

“Substitute for SENATE BILL No. 309

By Committee on Health Care Strategies

“AN ACT concerning health care for Kansans; prescribing powers, duties and functions for the Kansas health policy authority; providing for the study of the Kansas health care

insurance connector, a voluntary health insurance connector, and other health care finance reform options; development of recommendations and implementing legislation.”;

and the substitute bill be passed.

Committee on **Natural Resources** recommends **SB 189** be amended on page 1, in line 32, by striking “21” and inserting “18”; in line 36, by striking “21” and inserting “18”;

On page 2, in line 1, by striking “21” and inserting “18”; by striking all in lines 5 through 23;

And by renumbering the remaining sections accordingly;

Also on page 2, in line 24, by striking “and 32-921 are” and inserting “is”;

On page 1, in the title, in line 10, by striking “and 32-921”; also in line 10, by striking “sections” and inserting “section”; and the bill be passed as amended.

Also, **SB 267** be amended on page 2, in line 37, by striking “and”; in line 38, by striking “the” and inserting “.The”; and the bill be passed as amended.

Committee on **Ways and Means** recommends **SB 373** be passed.

Also, **SB 357** be amended on page 2, in line 9, by striking “\$307,990” and inserting “\$302,234”; in line 13, by striking “\$310,816” and inserting “\$305,037”;

On page 3, in line 27, by striking “\$7,947,989” and inserting “\$7,723,244”; in line 34, by striking “\$8,180,170” and inserting “\$7,946,778”;

On page 4, in line 32, by striking “\$138,897” and inserting “\$135,594”; in line 33, by striking “\$143,271” and inserting “\$140,514”; in line 42, by striking “\$608,368” and inserting “\$594,001”;

On page 5, in line 3, by striking “\$620,698” and inserting “\$605,134”; in line 15, by striking “\$3,040,437” and inserting “\$2,973,429”; in line 22, by striking “\$3,163,766” and inserting “\$3,095,005”; in line 37, by striking “\$754,994” and inserting “\$737,671”; following line 37, by inserting the following material to read as follows:

“*Provided*, That expenditures from the cosmetology fee fund for the fiscal year ending June 30, 2008, for official hospitality shall not exceed \$500.”;

Also on page 5, in line 38, by striking “\$761,895” and inserting “\$743,998”; following line 38, by inserting the following material to read as follows:

“*Provided*, That expenditures from the cosmetology fee fund for the fiscal year ending June 30, 2009, for official hospitality shall not exceed \$500.”;

On page 6, in line 4, by striking “\$930,288” and inserting “\$902,767”; in line 7, by striking “\$930,045” and inserting “\$902,493”; in line 18, by striking “\$375,548” and inserting “\$370,184”; in line 21, by striking “\$378,542” and inserting “\$373,138”; in line 32, by striking “\$267,525” and inserting “\$260,975”; in line 33, by striking “\$274,300” and inserting “\$267,609”; in line 43, by striking “\$28,394” and inserting “\$28,111”;

On page 7, in line 1, by striking “\$28,602” and inserting “\$28,318”; in line 10, by striking “\$1,723,824” and inserting “\$1,678,666”; in line 14, by striking “\$1,740,490” and inserting “\$1,695,014”; in line 32, by striking “\$130,537” and inserting “\$128,774”; in line 35, by striking “\$130,267” and inserting “\$128,454”;

On page 8, in line 3, by striking “\$742,043” and inserting “\$725,012”; in line 7, by striking “\$746,867” and inserting “\$729,309”; in line 22, by striking “\$317,410” and inserting “\$312,211”; in line 25, by striking “\$326,160” and inserting “\$320,937”; in line 39, by striking “\$946,817” and inserting “\$923,397”; in line 42, by striking “\$970,757” and inserting “\$946,679”;

On page 9, in line 13, by striking “\$2,723,608” and inserting “\$2,644,591”; in line 23, by striking “\$2,749,704” and inserting “\$2,669,467”;

On page 10, in line 18, by striking “\$563,263” and inserting “\$553,620”; in line 22, by striking “\$571,366” and inserting “\$561,664”;

On page 11, in line 16, by striking “\$278,553” and inserting “\$272,592”; in line 17, by striking “\$278,008” and inserting “\$271,955”; in line 23, by striking “\$539,975” and inserting “\$522,415”; in line 27, by striking “\$529,357” and inserting “\$511,910”;

On page 15, in line 40, by striking “\$860,126” and inserting “\$831,908”;

On page 16, in line 1, by striking “\$3,308,543” and inserting “\$3,194,933”; in line 5, by striking “\$3,586,933” and inserting “\$3,488,260”; in line 19, by striking “\$15,501,103” and inserting “\$15,227,894”;

On page 19, in line 16, by striking "\$2,625,623" and inserting "\$2,491,742"; in line 41, by striking "\$2,638,110" and inserting "\$2,565,933";

On page 22, in line 17, by striking "\$216,415" and inserting "\$209,886";

On page 23, in line 12, by striking "\$4,888,243" and inserting "\$4,751,214"; in line 25, by striking "234,416" and inserting "\$228,000";

On page 26, in line 35, preceding the period by inserting ": *Provided further*, That, if the presidential preference primary authorized by K.S.A. 25-4501, and amendments thereto, does not take place on or before February 29, 2008, the \$2,000,000 appropriated for the above agency for the fiscal year ending June 30, 2008, by this section from the state general fund is hereby lapsed";

On page 28, in line 6, by striking "\$1,049,263" and inserting "\$50,000"; following line 13, by inserting the following material to read as follows:

"State treasurer operating fund \$1,577,656

Provided, That, notwithstanding the provisions of the uniform unclaimed property act, K.S.A. 58-3934 et seq., and amendments thereto, or any other statute, of all the moneys received under the uniform unclaimed property act, K.S.A. 58-3934 et seq., and amendments thereto, during fiscal year 2008, the state treasurer is hereby authorized and directed to credit the first \$1,337,476 received and deposited in the state treasury to the state treasurer operating fund: *Provided further*, That, after such aggregate amount has been credited to the state treasurer operating fund, then all of the moneys received under the uniform unclaimed property act during fiscal year 2008 shall be credited as prescribed under the unclaimed property act, K.S.A. 58-3934 et seq., and amendments thereto: *And provided further*, That all moneys credited to the state treasurer operating fund during fiscal year 2008 are to reimburse the state treasurer for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services which are performed to administer the provisions of the uniform unclaimed property act, K.S.A. 58-3934 et seq., and amendments thereto, that are not otherwise reimbursed under any other provision of law.";

Also on page 28, by striking all in lines 24 through 42;

On page 31, by striking all in lines 8 through 14 and inserting the following material to read as follows:

"(c) On July 1, 2007, the director of accounts and reports shall transfer any unencumbered balance in the services reimbursement fund of the state treasurer to the state treasurer operating fund of the state treasurer. On July 1, 2007, all liabilities of the services reimbursement fund of the state treasurer are hereby transferred to and imposed on the state treasurer operating fund of the state treasurer and the services reimbursement fund of the state treasurer is hereby abolished.";

On page 34, in line 1, by striking "\$1,289,275" and inserting "\$1,253,999"; following line 7, by inserting the following material to read as follows:

"(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2008, the following:

Operating expenditures \$140,000";

Also on page 34, in line 8, by striking "(a)" and inserting "(b)"; in line 21, by striking "(b)" and inserting "(c)"; in line 42, by striking "\$10,682,437" and inserting "\$11,433,324";

On page 35, in line 20, by striking "\$1,676,402" and inserting "\$1,641,846";

On page 36, in line 19, by striking "\$108,501,128" and inserting "\$105,347,114";

On page 37, following line 32, by inserting the following material to read as follows: "Federal grants fund..... No limit

(c) On July 1, 2007, the judiciary technology fee fund — federal grants of the judicial branch is hereby redesignated as the federal grants fund of the judicial branch.";

On page 38, in line 39, by striking "\$8,260,557" and inserting "\$8,072,763";

On page 39, in line 4, by striking "\$82,155" and inserting "\$79,517"; in line 16, by striking "\$1,748,510" and inserting "\$1,690,256";

On page 40, by striking all in line 17;

On page 42, in line 5, by striking "\$15,909,432" and inserting "\$16,035,359"; in line 30, by striking "Kansas" and inserting "state"; in line 34, by striking "Kansas" and inserting "state";

On page 43, following line 4, by inserting the following material to read as follows:

“(h) In addition to other purposes for which expenditures may be made by the state corporation commission from the public service regulation fund for fiscal year 2008 for the state corporation commission as authorized by this or other appropriation act of the 2007 regular session of the legislature, notwithstanding the provisions of any other statute to the contrary, the state corporation commission may make expenditures from the public service regulation fund for fiscal year 2008 for the operational costs of the Kansas energy council: *Provided*, That expenditures from the public service regulation fund for the operational costs of the Kansas energy council shall not exceed \$175,000.”

Also on page 43, in line 12, by striking “\$796,792” and inserting “\$780,280”;

On page 44, in line 22, by striking “\$924,937” and inserting “\$899,012”; by striking all in line 42; in line 43, by striking “\$2,010,374” and inserting “\$1,947,785”;

On page 45, in line 6, by striking “\$515,907” and inserting “\$497,433”; in line 12, by striking “\$1,410,046” and inserting “\$1,368,327”; following line 35, by inserting the following material to read as follows:

“KMUW — Wichita grant.....	\$218,620
KPTS — Wichita grant	\$148,075
KCPT — Kansas City grant	\$132,840”;

Also on page 45, in line 38, by striking “\$199,549” and inserting “\$194,926”; in line 43, by striking “\$429,097” and inserting “\$266,695”;

On page 47, following line 33, by inserting the following material to read as follows:

“*Provided*, That any moneys collected from a fee increase for information services recommended by the governor shall be deposited in the state treasury to the credit of the information technology fund: *Provided, however*, That no expenditures shall be made by the above agency from such increase for voice-over-internet protocol.”;

On page 48, in line 36, preceding the period, by inserting “: *And provided further*, That any moneys collected from a fee increase for the monumental buildings surcharge recommended by the governor shall be deposited in the state treasury to the credit of the state buildings operating fund: *Provided, however*, That no fee greater than \$2.07 per square foot shall be collected by the above agency during the fiscal year ending June 30, 2008”;

On page 62, in line 7, by striking “\$1,664,296” and inserting “\$1,478,058”; in line 17, by striking “\$495,535” and inserting “\$494,265”; in line 22, by striking “\$21,117,317” and inserting “\$20,485,479”; in line 33, by striking “\$40,748,149” and inserting “\$39,525,978”;

On page 67, in line 11, by striking “\$74,040,000” and inserting “\$72,040,000”; in line 14, by striking “\$74,040,000” and inserting “\$72,040,000”; by striking all in lines 39 through 42;

And by redesignating the remaining subsections accordingly;

On page 68, in line 5, by striking “\$2,220,234” and inserting “\$2,849,186”;

On page 69, in line 24, by striking “\$237,294” and inserting “\$231,138”; by striking all in lines 34 through 43;

On page 70, by striking all in lines 1 through 3; in line 4, by striking “\$15,989,330” and inserting “\$15,744,808”;

On page 74, in line 22, by striking “\$408,122” and inserting “\$497,999”; in line 36, by striking “\$11,811,287” and inserting “\$12,284,085”;

On page 75, in line 41, by striking “\$671,498” and inserting “\$652,252”;

On page 76, in line 13, by striking “\$12,725,455” and inserting “\$12,354,793”; in line 21, by striking “\$7,228” and inserting “\$13,414”; in line 25, by striking “\$30,000” and inserting “\$15,000”; in line 32, by striking “\$420,229” and inserting “\$404,992”;

On page 77, in line 14, by striking “\$2,632,178” and inserting “\$2,642,700”;

On page 78, in line 1, by striking “\$1,123,333” and inserting “\$1,110,809”; in line 6, by striking “\$526,593” and inserting “\$526,313”; in line 11, by striking “\$2,565,777” and inserting “\$2,379,588”; in line 15, by striking “\$2,895,610” and inserting “\$2,636,670”; in line 26, by striking “\$872,544” and inserting “\$444,730”;

On page 80, in line 6, by striking “\$4,355,534” and inserting “\$4,249,877”; in line 12, by striking “\$5,747,374” and inserting “\$4,438,821”;

On page 82, in line 7, by striking “\$500,000” and inserting “\$250,000”; following line 10, by inserting the following material to read as follows:

“Cerebral palsy posture seating \$110,000”;

Also on page 82, in line 13, preceding the period, by inserting “, Flu pandemic treatment products”;

On page 88, in line 16, by striking “\$7,501,643” and inserting “\$4,847,227”; in line 22, by striking “\$4,584,895” and inserting “\$4,452,180”; in line 27, by striking “\$277,496” and inserting “\$269,932”; following line 30, by inserting the following material to read as follows:

“Newborn screening \$560,000
Soil treatment field trials \$120,361”;

On page 94, following line 17, by inserting the following material to read as follows: “(k) Any unencumbered balance in the Treese buyout account of the state general fund in excess of \$100 as of June 30, 2008, for the above agency is hereby reappropriated for fiscal year 2009.”;

Also on page 94, in line 22, by striking “\$581,501” and inserting “\$567,451”; in line 31, by striking “\$157,946” and inserting “\$153,865”; in line 43, by striking “\$1,704,029” and inserting “\$1,658,343”;

On page 95, in line 4, by striking “\$185,777” and inserting “\$180,722”;

On page 96, in line 12, by striking “\$26,636,507” and inserting “\$25,322,713”; in line 35, preceding the period, by inserting the following material to read as follows:

“: *And provided further*, That expenditures may be made during fiscal year 2008 for the development and submission of a plan to the federal centers for medicare and medicaid expenditures for approval of a plan to expand the PACE program to Wyandotte County in fiscal year 2009.”;

Also on page 96, in line 36, by striking “\$2,594,055” and inserting “\$2,522,416”; in line 40, by striking “\$804,366” and inserting “\$782,715”;

On page 100, in line 30, by striking “\$20,736,031” and inserting “\$22,729,232”; in line 37, by striking “\$447,294,993” and inserting “\$440,294,993”; in line 41, by striking “\$20,908,711” and inserting “\$18,908,711”;

On page 101, following line 38, by inserting the following material to read as follows:

“Healthwave..... \$2,000,000
Medical assistance \$3,000,000”;

On page 102, in line 10, by striking “\$117,681,776”; and inserting “\$106,927,531”; in line 19, by striking “\$4,666,297” and inserting “\$3,466,297”; in line 24, by striking “\$171,005,926” and inserting “\$168,535,313”; in line 29, by striking “\$13,313,325” and inserting “\$12,492,595”;

On page 103, in line 4, by striking “\$31,028,133” and inserting “\$29,763,893”; in line 18, by striking “\$10,843,351” and inserting “\$10,290,650”; in line 22, by striking “\$11,619,198” and inserting “\$10,412,115”; in line 36, by striking “\$9,539,600” and inserting “\$9,196,571”;

On page 104, in line 13, by striking “\$4,593,937” and inserting “\$4,262,857”; in line 32, by striking “\$111,985,973” and inserting “\$111,030,021”;

On page 105, in line 5, by striking “\$72,278,650” and inserting “\$65,232,370”; in line 9, by striking “\$56,603,445” and inserting “\$50,993,147”; in line 25, by striking “\$45,795,587” and inserting “\$46,406,787”;

On page 106, in line 2, by striking “\$1,153,679” and inserting “\$1,085,316”; in line 12, by striking “\$4,842,397” and inserting “\$4,828,183”;

On page 107, in line 8, by striking “\$1,060,578” and inserting “\$1,005,558”; in line 12, by striking “\$20,115,567” and inserting “\$19,865,428”;

On page 109, in line 1, by striking “\$5,500,000” and inserting “\$2,000,000”; by striking all in lines 5 and 6;

On page 111, in line 39, by striking “\$1,295,791” and inserting “\$1,273,841”;

On page 112, in line 5, by striking “\$10,982,889” and inserting “\$10,604,530”;

On page 113, in line 15, by striking “\$505,000” and inserting “\$1,330,000”; following line 15, by inserting the following material to read as follows:

“*Provided*, That the above agency shall make expenditures from the discretionary grants account during the fiscal year 2008, in an amount not less than \$825,000 for after school programs for middle school students in the sixth, seventh, and eighth grades: *Provided further*, That the after school programs may also include fifth and ninth grade students, if they attend a junior high school: *And provided further*, That such discretionary grants shall

be awarded to after school programs that operate for a minimum of two hours a day, during the school year, and a minimum of six hours a day for a minimum of five weeks during the summer.”;

Also on page 113, in line 31, by striking “\$7,317,000” and inserting “\$7,817,000”; in line 43, preceding “That” and inserting “That any unencumbered balance in the school district juvenile detention facilities and Flint Hills job corps center grants account in excess of \$100 as of June 30, 2007, is hereby reappropriated for fiscal year 2008: *Provided further*.”;

On page 114, following line 4, by inserting the following material to read as follows:
 “Leadership academies \$500,000
 Any unencumbered balance in excess of \$100 as of June 30, 2007, in each of the following accounts is hereby reappropriated for fiscal year 2008: General state aid.”;

On page 117, in line 13, by striking “\$500,000” and inserting “\$425,000”; in line 32, by striking “\$3,402,380” and inserting “\$18,402,380”; by striking all in lines 34 through 37; in line 42, by striking “\$2,070,047” and inserting “\$2,144,478”;

On page 118, in line 5, by striking “\$3,532,309” and inserting “\$3,557,079”; in line 10, by striking “\$514,077” and inserting “\$538,847”; in line 25, by striking “\$360,789” and inserting “\$350,517”;

On page 119, in line 20, by striking “\$5,213,731” and inserting “\$5,048,322”;

On page 120, in line 17, by striking “\$8,739,276” and inserting “\$8,790,805”;

On page 121, in line 5, by striking “\$5,962,544” and inserting “\$5,800,898”;

On page 128, in line 20, by striking “\$31,699,369” and inserting “\$31,399,369”;

On page 129, following line 31, by inserting the following material to read as follows:

“(c) During the fiscal years ending June 30, 2007, and June 30, 2008, no moneys appropriated from the state general fund or any special revenue fund for Kansas state university or Kansas state university extension systems and agriculture research programs shall be expended on or after the effective date of this act by Kansas state university or Kansas state university extension systems and agriculture research programs, directly or indirectly, for (1) any financial aid or other support for any 4-H competitive events or activities at county fairs for which the minimum age for participants is increased from 7 years of age to 9 years of age, or (2) any financial aid or other support for any 4-H organization or unit that sponsors competitive events at county fairs and that is planning to increase or has increased the minimum age for participants in such events from 7 years of age to 9 years of age.

(d) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2008, the following:

Agricultural experiment stations..... \$300,000”;

On page 144, in line 12, by striking “\$3,623,845” and inserting “\$3,521,986”; in line 27, by striking “\$17,189,878” and inserting “\$15,689,878”;

On page 145, in line 8, by striking “\$1,326,744” and inserting “\$826,744”; in line 29, by striking “\$32,895,997” and inserting “\$25,938,835”; in line 40, by striking “\$30,000,000” and inserting “\$10,088,564”;

On page 147, in line 32, by striking “\$1,000,000” and inserting “\$500,000”; in line 36, by striking “\$2,667,600” and inserting “\$102,600”; by striking all in line 37;

On page 152, following line 9, by inserting the following material to read as follows:

“(f) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2008, the following:

Vocational education capital outlay aid \$2,565,000

Provided, That expenditures from the vocational education capital outlay aid account for each grant of vocational educational capital outlay aid shall be matched by the area vocational school, the area vocational-technical school or the technical college in an amount which is equal to 50% of the grant: *Provided further*, That any unencumbered balance in excess of \$100 as of June 30, 2007, in the vocational education capital outlay aid account is hereby reappropriated for fiscal year 2008.

Postsecondary aid for vocational education..... \$6,957,162

Provided, That any unencumbered balance in excess of \$100 as of June 30, 2007, in the postsecondary aid for vocational education account is hereby reappropriated for fiscal year 2008.

Technology innovation and internship program..... \$180,500
Provided, That any unencumbered balance in excess of \$100 as of June 20, 2007, in the technical innovation and internship program account is hereby reappropriated for fiscal year 2008.”;

Also on page 152, in line 15, by striking “\$21,273,121” and inserting “\$16,286,866”; in line 35, by striking “\$4,639,520” and inserting “\$5,763,349”; in line 38, by striking all after the colon; by striking all in lines 39, 40 and 41; in line 42, by striking all before the comma and inserting “*Provided further*”;

On page 153, in line 11, by striking “\$2,359,300” and inserting “\$2,649,450”; in line 12, by striking “\$1,008,451” and inserting “\$1,058,874”; in line 18, by striking “\$51,719,423” and inserting “\$51,700,791”; in line 32, by striking “\$12,097,672” and inserting “\$11,705,789”; in line 41, by striking “\$27,801,653” and inserting “\$26,917,577”;

On page 154, in line 6, by striking “\$36,307,077” and inserting “\$35,177,459”; in line 14, by striking “\$12,157,819” and inserting “\$11,776,545”; in line 22, by striking “\$11,869,768” and inserting “\$11,509,726”; in line 30, by striking “\$13,947,498” and inserting “\$13,476,086”; in line 38, by striking “\$23,593,012” and inserting “\$22,878,557”;

On page 155, in line 4, by striking “\$9,340,727” and inserting “\$9,052,021”;

On page 157, in line 27, by striking “\$36,907,112” and inserting “\$36,830,166”; in line 33, by striking “\$1,157,413” and inserting “\$1,128,352”; in line 38, by striking “\$15,260,895” and inserting “\$14,902,149”;

On page 158, in line 6, by striking “\$5,953,557” and inserting “\$5,825,336”; in line 16, by striking “\$4,085,901” and inserting “\$3,976,777”; in line 26, by striking “\$8,457,569” and inserting “\$8,247,663”;

On page 160, in line 37, by striking “\$4,712,269” and inserting “\$4,335,353”; in line 42, by striking “\$31,227” and inserting “\$28,373”;

On page 164, in line 8, by striking “\$3,602,264” and inserting “\$3,498,458”; in line 25, by striking “\$396,689” and inserting “\$390,344”; in line 27, by striking “\$81,695” and inserting “\$80,000”;

On page 165, in line 26, by striking “\$517,741” and inserting “\$501,837”; in line 34, by striking “\$36,659,259” and inserting “\$35,260,830”;

On page 168, in line 6, by striking “\$19,573,674” and inserting “\$19,212,208”; in line 41, by striking “\$4,893,418.50” and inserting “\$4,803,052”;

On page 169, in line 23, by striking “\$7,914,814.75” and inserting “\$7,565,207.50”; in line 35, by striking “\$16,039,040” and inserting “\$16,713,832”;

On page 172, in line 32, by striking “\$1,288,966” and inserting “\$1,280,850”;

On page 173, following line 8, by inserting the following material to read as follows:

“*Provided*, That priority for the education incentive grants shall be given to rural areas.”;

Also on page 173, following line 27, by inserting the following material to read as follows:

“(c) In addition to the other purposes for which expenditures may be made by the emergency medical services board from the moneys appropriated from the state general fund or from any special revenue fund for the emergency medical services board for fiscal year 2008, as authorized by this or any other appropriation act of the 2007 regular session of the legislature, expenditures shall be made by the emergency medical services board from moneys appropriated from the state general fund or from any special revenue fund for the emergency medical services board for fiscal year 2007 to require emergency medical services agencies in each of the six EMS regions of the state to prepare and submit a report of the expenditures made and moneys received in the EMS region that are related to the operation and administration of the Kansas emergency medical services examination to the emergency medical services board: *Provided*, That the report for each EMS region that specify and account for all moneys appropriated from the state treasury for the emergency medical services board and disbursed to such EMS region for the operation of the most recently conducted Kansas emergency medical services examination in such EMS region.”;

Also on page 173, in line 32, by striking “\$847,082” and inserting “\$699,708”;

On page 174, in line 8, by striking “\$12,262,586” and inserting “\$11,751,708”;

On page 178, in line 35, by striking “\$830,157” and inserting “\$899,284”;

On page 180, by striking all in line 12; in line 17, by striking “\$993,423” and inserting “\$677,303”;

On page 181, in line 10, by striking "\$3,418,063" and inserting "\$3,412,218"; in line 34, by striking "\$3,683,854" and inserting "\$2,992,365"; in line 42, by striking "\$1,055,000" and inserting "\$601,499";

On page 182, in line 30, by striking "\$195,000" and inserting "\$100,000"; in line 31, by striking "\$1,414,416" and inserting "\$1,498,000";

On page 183, in line 17, by striking "\$2,334,507" and inserting "\$2,278,699";

On page 184, in line 40, by striking "\$240,000" and inserting "\$120,000";

On page 185, in line 1, by striking "\$100,000" and inserting "\$60,000"; by striking all in lines 2 through 5;

On page 186, in line 40, by striking "\$4,755,000" and inserting "\$2,935,000";

On page 187, in line 41, by striking "\$24,786,390" and inserting "\$23,780,827";

On page 188, in line 9, by striking "\$2,601,657" and inserting "\$3,185,860"; in line 19, by striking "\$1,359,526" and inserting "\$1,284,526";

On page 190, following line 4, by inserting the following material to read as follows:

"Sebelius reservoir restoration \$200,000";

On page 191, in line 35, by striking "\$269,217,009" and inserting "\$263,659,100";

On page 195, following line 25, by inserting the following material to read as follows:

"Sec. 90.

KANSAS COMMISSION ON PEACE OFFICERS' STANDARDS AND TRAINING

(a) There is appropriated for the above agency from the following special revenue fund for the fiscal year ending June 30, 2008, 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:

Kansas commission on peace officers' standards and training fund \$715,516

Provided, That expenditures from the Kansas commission on peace officers' standards and training fund for the fiscal year ending June 30, 2008, for official hospitality shall not exceed \$500.;

And by renumbering the remaining sections accordingly;

On page 196, in line 6, by striking "762.55" and inserting "759.55"; in line 17, by striking "422.70" and inserting "418.70"; in line 24, by striking "419.60" and inserting "413.60"; in line 25, by striking "467.20" and inserting "497.20"; in line 26, by striking "122.20" and inserting "120.20";

in line 42, by striking "12.00" and inserting "10.00";

On page 197, after line 6, by inserting the following material to read as follows:

"Kansas Commission on Peace Officers' Standards and Training 7.00";

On page 200, by striking all in lines 15 through 43;

By striking all on pages 201 through 210;

On page 211, by striking all in lines 1 through 5;

And by renumbering the remaining sections accordingly;

On page 222, following line 28, by inserting the follow material to read as follows:

"Sec. 116.

DEPARTMENT OF EDUCATION

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2008, 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:

Keeping education promises trust fund..... \$0

Provided, That no moneys shall be transferred or expended from the keeping education promises trust fund during fiscal year 2008: *Provided further*, That, notwithstanding the provisions of K.S.A. 75-3711c and amendments thereto, any appropriation act of the 2007 regular session of the legislature or any other statute, the state finance council shall have no authority to increase the expenditure limitation on the keeping education promises trust fund for fiscal year 2008 or to otherwise authorize or provide for any expenditures from the keeping education promises trust fund for fiscal year 2008: *And provided further*, That all moneys credited to the keeping education promises trust fund shall set aside moneys to support that portion of the aggregate amount of moneys appropriated for the department of education for general state aid, supplemental general state aid and special education

services aid for the fiscal year ending June 30, 2009, by section 30(a) of chapter 197 of the 2006 Session Laws of Kansas, that constitutes an increase in the aggregate amount of general state aid, supplemental general state aid and special education services aid for fiscal year 2009 over the aggregate amount of moneys appropriated for general state aid, supplemental general state aid and special education services aid for the fiscal year ending June 30, 2008, by section 30 (a) of chapter 197 of the 2006 Session Laws of Kansas: *And provided further*, That no moneys shall be transferred or expended from the keeping education promises trust fund except pursuant to specific authorization by appropriation act of the legislature.

(b) On July 1, 2007, the director of accounts and reports shall transfer \$122,700,000 from the state general fund to the keeping education promises trust fund.

(c) On July 1, 2008, the director of accounts and reports shall transfer \$122,700,000 from the keeping education promises trust fund to the state general fund.”;

And by renumbering the remaining section accordingly; and the bill be passed as amended.

SB 358 be amended on page 4, in line 5, by striking “\$15,121” and inserting “\$879,571”;

On page 5, after line 19, by inserting the following:

“*Provided*, That any unencumbered balance in the financial management system account in excess of \$100 as of June 30, 2007, is hereby reappropriated for fiscal year 2008.”;

Also on page 5, in line 43, by striking “\$88,143” and inserting “\$40,251”;

On page 6, in line 20, by striking “\$4,752,000” and inserting “\$3,752,000”; in line 23, by striking “\$71,040,000” and inserting “\$70,040,000”; after line 34, by inserting the following:

“(b) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2007, by section 60(c) of chapter 216 of the 2006 Session Laws of Kansas on the state racing fund is hereby increased from \$2,700,000 to \$2,791,446.”;

On page 7, by striking all in lines 13 through 20;

And by renumbering sections accordingly;

On page 9, in line 24, by striking “\$264,661” and inserting “\$519,661”;

On page 10, in line 26, after “lished” by inserting “for the fiscal year ending June 30, 2007.”; after line 28, by inserting the following:

“(k) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2007, by section 90(b) of chapter 142 of the 2006 Session Laws of Kansas on the Title XIX fund is hereby decreased from \$45,795,587 to \$44,941,888.

(l) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2007, by section 90(b) of chapter 142 of the 2006 Session Laws of Kansas on the Kansas neurological institute fee fund is hereby increased from \$1,085,316 to \$1,193,826.

(m) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2007, by section 90(b) of chapter 142 of the 2006 Session Laws of Kansas on the Larned state hospital fee fund is hereby decreased from \$3,465,843 to \$3,165,015.

(n) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2007, by section 90(b) of chapter 142 of the 2006 Session Laws of Kansas on the Osawatimie state hospital fee fund is hereby increased from \$4,828,183 to \$6,399,438.

(o) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2007, by section 90(b) of chapter 142 of the 2006 Session Laws of Kansas on the Parsons state hospital and training center fee fund is hereby decreased from \$1,364,346 to \$1,129,041.

(p) On the effective date of this act, the expenditure limitation established for the fiscal year ending June 30, 2007, by section 40(e) of chapter 216 of the 2006 Session Laws of Kansas on the Rainbow mental health facility fee fund is hereby decreased from \$1,005,558 to \$715,625.”;

On page 11, in line 21, by striking “\$12,752” and inserting “\$82,752”;

On page 13, in line 40, by striking “\$1,534” and inserting “\$434”;

On page 14, after line 4, by inserting the following:

“(c) On the effective date of this act, the authorization granted by the state finance council on December 14, 2006, for the adjutant general to make expenditures of moneys in the

state emergency fund of \$2,456,038 for the cost of weather related disasters is hereby rescinded.”;

On page 17, by striking all in lines 10 through 19 and inserting in lieu thereof the following:
“(b) On the effective date of this act, of the amount of the reappropriated balance for the above agency for the fiscal year ending June 30, 2007, by section 122(a) of chapter 142 of the 2006 Session Laws of Kansas from the state general fund in the reimbursement for annual licenses issued to national guard members account, the sum of \$18,296 is hereby lapsed.

(c) On the effective date of this act, of the amount of the reappropriated balance for the above agency for the fiscal year ending June 30, 2007, by section 122(a) of chapter 142 of the 2006 Session Laws of Kansas from the state general fund in the reimbursement for annual park permits issued to national guard members account, the sum of \$159,151 is hereby lapsed.”;

and the bill be passed as amended.

SB 359 be amended on page 1, in line 16, by striking “and”; in line 17, before “appropriations” by inserting “and June 30, 2010.”;

On page 3, after line 4, by inserting the following:

“Window replacement \$125,000”;

On page 26, after line 12, by inserting the following:

“Employment security administration property sale fund No limit
Provided, That the secretary of labor is hereby authorized to make expenditures from the employment security administration property sale fund for the unemployment insurance program: *Provided, however*, That no expenditures shall be made from this fund for the proposed purchase or other acquisition of additional real estate to provide space for the unemployment insurance program of the department of labor until such proposed purchase or other acquisition, including the preliminary plans and program statement for any capital improvement project that is proposed to be initiated and completed by or for the department of labor have been reviewed by the joint committee on state building construction.”;

On page 28, in line 38, by striking “shall” and inserting “may”; in line 43, after “thereto” by inserting “for capital improvement projects”;

On page 29, in line 1, by striking “project is” and inserting “projects are”; in line 5, by striking all after “the” by striking all in lines 6 through 12; in line 13, by striking all before the colon and inserting: “aggregate amount of all such revenue bonds issued shall not exceed \$39,525,000 plus all amounts required for costs of any bond issuance, costs of interest on any bond issued or obtained for one or more of such capital improvement projects during the construction of such projects and any required reserves for payment of principal and interest on any such bond: *Provided, however*, That such bonds shall be issued only upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except that such approval may also be given while the legislature is in session: *And provided further*, That the department of corrections may make expenditures from the moneys received from the issuance of any such bonds for such capital improvement projects: *And provided further*, That upon determination by the secretary of corrections of the need to expand prison capacity, such capital improvement projects for capacity expansion shall occur in the following order: Two cell houses or 256 beds at El Dorado correctional facility; 240 substance abuse treatment beds at Yates Center; 100 minimum security beds at Ellsworth correctional facility; and 72 beds at Stockton correctional facility”;

Also on page 29, in line 16, by striking “project” and inserting “projects”;

On page 30, after line 28, by inserting the following:

“(h) In addition to the other purposes for which expenditures may be made by the department of corrections from the moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2009 by this or other appropriation act of the 2008 or 2009 regular session of the legislature, expenditures may be made by the department of corrections from moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2009 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905 and amendments thereto

for capital improvement projects to expand prison capacity: *Provided*, That such capital improvement projects are hereby approved for the department of corrections for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *Provided further*, That the aggregate amount of all such revenue bonds issued shall not exceed \$39,525,000 plus all amounts required for costs of any bond issuance, costs of interest on any bond issued or obtained for one or more of such capital improvement projects during the construction of such projects and any required reserves for payment of principal and interest on any such bonds: *Provided, however*, That such bonds shall be issued only upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except that such approval may also be given while the legislature is in session: *And provided further*, That the department of corrections may make expenditures from the moneys received from the issuance of any such bonds for such capital improvement projects: *And provided further*, That upon determination by the secretary of corrections of the need to expand prison capacity, such capital improvement projects for capacity expansion shall occur in the following order: Two cell houses or 256 beds at El Dorado correctional facility; 240 substance abuse treatment beds at Yates Center; 100 minimum security beds at Ellsworth correctional facility; and 72 beds at Stockton correctional facility: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt service for any such bonds for such capital improvement projects shall be financed by appropriations from the state general fund or any appropriate special revenue fund or funds: *And provided further*, That no such bonds shall be issued by the Kansas development finance authority unless the director of the budget has certified to the department of administration and to the Kansas development finance authority that sufficient moneys will be available to make debt service payments for such bonds.

(i) In addition to the other purposes for which expenditures may be made by the department of corrections from the moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2010 by this or other appropriation act of the 2009 or 2010 regular session of the legislature, expenditures may be made by the department of corrections from moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2010 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905 and amendments thereto for capital improvement projects to expand prison capacity: *Provided*, That such capital improvement projects are hereby approved for the department of corrections for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *Provided further*, That the aggregate amount of all such revenue bonds issued shall not exceed \$39,525,000 plus all amounts required for costs of any bond issuance, costs of interest on any bond issued or obtained for one or more of such capital improvement projects during the construction of such projects and any required reserves for payment of principal and interest on any such bonds: *Provided, however*, That such bonds shall be issued only upon approval of the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, except that such approval may also be given while the legislature is in session: *And provided further*, That the department of corrections may make expenditures from the moneys received from the issuance of any such bonds for such capital improvement projects: *And provided further*, That upon determination by the secretary of corrections of the need to expand prison capacity, such capital improvement projects for capacity expansion shall occur in the following order: Two cell houses or 256 beds at El Dorado correctional facility; 240 substance abuse treatment beds at Yates Center; 100 minimum security beds at Ellsworth correctional facility; and 72 beds at Stockton correctional facility: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt

service for any such bonds for such capital improvement projects shall be financed by appropriations from the state general fund or any appropriate special revenue fund or funds: *And provided further*, That no such bonds shall be issued by the Kansas development finance authority unless the director of the budget has certified to the department of administration and to the Kansas development finance authority that sufficient moneys will be available to make debt service payments for such bonds.”;

On page 31, after line 20, by inserting the following:

“Land acquisition \$184,590

Provided, That all expenditures from the land acquisition account shall be for the acquisition of the real property by the above agency for the remainder of the land, and any improvements thereon, on the city block in Topeka, Kansas on which the Kansas bureau of investigation headquarters currently is located and which is not currently owned by the state.”;

On page 35, by striking all in lines 2 through 5;

On page 36, in line 27, by striking “statute book” and inserting “Kansas register”;

On page 1, in the title, in line 10, by striking “and”; also in line 10, before “for” by inserting “and June 30, 2010.”; and the bill be passed as amended.

HB 2044, as amended by Senate Committee, be amended on page 1, after line 16, by inserting the following:

“New Section 1. (a) The board of county commissioners of any two or more counties may enter into an interlocal cooperation agreement under K.S.A. 12-2901 et seq., and amendments thereto, to jointly promote economic development at any location or locations within the geographical boundaries of any one or more of such counties in accordance with the provisions of K.S.A. 19-4101 et seq., and amendments thereto.

(b) Notwithstanding any other provision of law to the contrary, any such interlocal cooperation agreement may:

(1) Provide for the establishment of a strategic, multi-year economic development plan that identifies any capital improvement, infrastructure or other needs, or combination thereof, within the geographical boundaries of the counties which have entered into such agreement and addresses those needs, on a prioritized basis, to promote economic development activities by any public agency, private agency or combination of such agencies within the geographical boundaries of such counties;

(2) provide for the creation of a separate legal entity that shall be authorized to exercise all powers conferred upon separate legal entities under the provisions of K.S.A. 12-2904a, and amendments thereto, and all powers conferred upon incorporated industrial districts under the provisions of K.S.A. 19-3808, and amendments thereto, within the geographical boundaries of the counties which have entered into such agreement in connection with the execution, implementation, management or conduct, or combination thereof, of the joint or cooperative economic development activities set forth in the agreement;

(3) provide that the separate legal entity described in subsection (b)(2) shall use any dues, fees, assessments and other financial contributions from member public agencies; any receipts from any general tax levied on all tangible property within the geographical boundaries of all of the counties which have entered into such agreement to support economic development activities set forth in the agreement; any proceeds of bonds, notes, loans or other authorized forms of indebtedness; any grants, gifts or donations from public and private agencies; and any other authorized source of revenue to create an economic development fund to further the objects and purposes set forth in the agreement. Such agreement shall provide that such separate legal entity shall make such expenditures, transfers, including grants and loans and disbursements from the economic development fund deemed necessary or otherwise appropriate in connection with any established economic development project or activity at any location or locations within the geographical boundaries of any one or more of such counties; and

(4) provide that consideration for participation in the agreement may include a system of revenue-sharing assessments or transfers among and between the counties which have entered into such agreement based on the growth in assessed valuation of the property subject to the interlocal cooperation agreement.

(c) A copy of the interlocal cooperation agreement shall be filed with the county clerk and provided to the county or district appraiser of each county which has entered into such agreement.

(d) The county or district appraiser of each county which has entered into the interlocal cooperation agreement shall certify the amount of any increase in assessed valuation of the property subject to the interlocal cooperation agreement and shall furnish such information to the county clerk of each such county on or before June 15 of each year.”;

And by renumbering sections accordingly;

In the title, in line 13, after the semicolon, by inserting “relating to growth in assessed valuation; authorizing certain interlocal cooperation agreements, provisions;”; and the bill be passed as amended.

REPORT ON ENROLLED BILLS

SB 19, SB 58, SB 76, SB 83, SB 85, SB 102, SB 111, SB 164, SB 190, SB 220, SB 240, SB 269, SB 288, SB 356 reported correctly enrolled, properly signed and presented to the Governor on March 16, 2007.

SB 54, SB 72, SB 118 reported correctly enrolled, properly signed and presented to the Governor on March 19, 2007.

COMMITTEE OF THE WHOLE

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

On motion of Senator Umbarger the following report was adopted:

Recommended **Sub HB 2067; HB 2114, HB 2115, HB 2270** be passed.

The committee report on **SB 325** recommending a **Sub SB 325** be adopted, and the substitute bill be passed.

SCR 1611 be adopted.

SB 368; HB 2048, HB 2068, HB 2140, HB 2169, HB 2214, HB 2217, HB 2280 be amended by adoption of the committee amendments, and the bills be passed as amended.

HB 2081 be amended by adoption of the committee amendments.

Senator Kelly’s motion to amend **HB 2081** is pending.

The Committee recommended **HB 2081** as amended by adoption of the committee amendments, be passed over and retain a place on the calendar.

HB 2202 be amended by adoption of the committee amendments, be further amended by motion of Senator Brungardt as amended by Senate Committee, on page 5, after line 15, by inserting the following:

“Sec. 4. K.S.A. 2006 Supp. 41-104 is hereby amended to read as follows: 41-104. No person shall manufacture, bottle, blend, sell, barter, transport, deliver, furnish or possess any alcoholic liquor for beverage purposes, except as specifically provided in this act, the club and drinking establishment act or article 27 of chapter 41 of the Kansas Statutes Annotated, except that nothing contained in this act shall prevent:

(a) The possession and transportation of alcoholic liquor for the personal use of the possessor, the possessor’s family and guests except that the provisions of K.S.A. 41-407 and amendments thereto shall be applicable to all persons;

(b) the making of wine, cider or beer by a person from fruits, vegetables or grains, or the product thereof, by simple fermentation and without distillation, if it is made solely for the use of the maker and the maker’s family;

(c) any duly licensed practicing physician or dentist from possessing or using alcoholic liquor in the strict practice of the medical or dental profession;

(d) any hospital or other institution caring for sick and diseased persons, from possessing and using alcoholic liquor for the treatment of bona fide patients of such hospital or institution;

(e) any drugstore employing a licensed pharmacist from possessing and using alcoholic liquor in the compounding of prescriptions of duly licensed physicians;

(f) the possession and dispensation of wine by an authorized representative of any church for the purpose of conducting any bona fide rite or religious ceremony conducted by such church; or

(g) the sale of wine to a consumer in this state by a person which holds a valid license authorizing the manufacture of wine in this or another state and the shipment of such wine directly to such consumer, subject to the following: (1) The consumer must be at least 21 years of age; (2) the consumer must purchase the wine while physically present on the premises of the wine manufacturer; (3) the wine must be for the consumer's personal consumption and not for resale; and (4) the consumer shall comply with the provisions of K.S.A. 41-407, and amendments thereto, by payment of all applicable taxes within such time after purchase of the wine as prescribed by rules and regulations adopted by the secretary.

(h) *The serving of alcoholic liquor at fund raising activities of organizations formed pursuant to K.S.A. 17-1760 and K.S.A. 25-4142 et seq., and amendments thereto, when none of the proceeds thereof are used to purchase the alcoholic liquor.*;

And by renumbering the remaining sections accordingly;

Also on page 5, in line 16, before "41-308a" by inserting "41-104,";

On page 1, in the title, in line 11, after "Supp." by inserting "41-104," and **HB 2202** be passed as further amended.

Sub HB 2310 be amended by adoption of the committee amendments, be further amended by motion of Senator Schodorf as amended by Senate Committee, on page 2, by striking all in lines 2 through 21;

By relettering subsections (e) and (f) as subsections (d) and (e), respectively and **Sub HB 2310** be passed as further amended.

A motion by Senator Wysong to amend **Sub HB 2310** failed and the following amendment was rejected: as amended by Senate Committee, on page 1, in line 30, by striking "or" and inserting the following:

"(B) cyber bullying; or";

Also on page 1, in line 31, by striking "(B)" and inserting "(C)"; following line 37, by inserting the following:

"(3) "Cyber bullying" means bullying through the use of the internet or other digital communication devices.";

On page 2, by striking all in lines 2 through 21;

And by relettering the remaining subsections accordingly

S Sub for HB 2295 be amended by adoption of the committee report recommending a substitute bill, be amended by motion of Senator Brungardt on page 5, in line 36, by striking "applicant's" and inserting "licensee's" and **S Sub for HB 2295** be passed as amended.

S Sub for HB 2485 be amended by adoption of the committee report recommending a substitute bill, be amended by motion of Senator Emler on page 1, in line 23, by striking "fees" and inserting "a fee"; in line 24, before the period, by inserting ", except that such fee for an application of intent to drill a well shall not exceed \$300";

On page 2, in line 38, after the period, by inserting "The Kansas oil and gas resources board, however, may permit or require an entity other than the first purchaser to deduct such proceeds where that entity is the operator or the entity distributes revenues to interest owners, directly or indirectly." and **S Sub for HB 2485** be passed as amended.

HB 2033 be passed over and retain a place on the calendar.

On motion of Senator D. Schmidt the Senate adjourned until 2:30 p.m., Tuesday, March 20, 2007.

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

PAT SAVILLE, *Secretary of the Senate.*

