

Journal of the House

FORTY-FIFTH DAY

HALL OF THE HOUSE OF REPRESENTATIVES,
TOPEKA, KS, Tuesday, March 16, 2010, 10:30 a.m.

The House met pursuant to recess with Speaker O'Neal in the chair.
The roll was called with 121 members present.
Rep. Johnson was excused on verified illness.
Rep. Winn was excused on legislative business.
Reps. Hawk and Peterson were excused on excused absence by the Speaker.

Prayer by Chaplain Brubaker:

Our Heavenly Father,
The madness of March has hit—
the weather is turbulent and unpredictable—
cold an rainy one day,
warm and breezy the next.
The 64 teams have been named and it appears
there will be a Kansan invasion of Oklahoma
within the next few days.
And here in the State House,
the pressure is mounting—
time is running short—
money as always is an issue—
and our patience and longsuffering
with one another might be diminishing.
Remind us once again why we are here,
and for whom we are here.
Help us avoid becoming
personal in our passion,
wicked with our words,
accusative in our attitudes,
or mean in our methods.
We really need You to give us
clarity of thought — direction — and solutions,
as well as grace, kindness and respect.
I ask this in Christ's Name, Amen.

The Pledge of Allegiance was led by Rep. Finney.

REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were referred to committees as indicated:

Federal and State Affairs: **HB 2741**.

Taxation: **HB 2740**.

INTRODUCTION OF ORIGINAL MOTIONS AND HOUSE RESOLUTIONS

On emergency motion of Rep. Craft, **HR 6025**, by Rep. Craft, as follows, was introduced and adopted:

HOUSE RESOLUTION No. 6025—

A RESOLUTION recognizing Geary County and Junction City in their observance of Vietnam Veterans Day and the 40th anniversary of the 1st Infantry Division's return to Kansas.

WHEREAS, On March 29th, 1973, the final 2,500 American troops were withdrawn from South Vietnam, ending military involvement in what is now the longest war in our country's history; and

WHEREAS, Due to the era's turbulent cultural climate and the general unpopularity of the war, many returning veterans were not shown the respect and appreciation they deserved for their service to this country; and

WHEREAS, Since its unveiling, the Vietnam Memorial Wall in Washington, D.C., has paid eternal tribute to the 58,195 Americans who made the ultimate sacrifice for their country; and

WHEREAS, Of the names listed on the Vietnam Memorial Wall, 627 were from the State of Kansas; and

WHEREAS, In 1965, the 1st Infantry Division (Big Red One), stationed in Fort Riley, Kansas, was the first division called to fight in Vietnam; and

WHEREAS, After nearly five years of combat, the Big Red One returned home to Kansas in 1970. During its service in Vietnam, the division sustained 6,146 casualties; and

WHEREAS, Geary County and Junction City will honor the courage and sacrifice of Vietnam era veterans by marking March 29th as "Vietnam Veterans Day," and also by commemorating the 40th anniversary of the Big Red One's return to Kansas: Now, therefore,

Be it resolved by the House of Representatives of the State of Kansas: That we recognize Geary County and Junction City in their observance of Vietnam Veterans Day and in the commemoration of the 40th anniversary of the Big Red One's return to Kansas, and join them in extending our sincere gratitude and appreciation to all Vietnam veterans for their service to this country; and

Be it further resolved: That the Chief Clerk of the House of Representatives provide enrolled copies of this concurrent resolution to Representative Barbara Craft; Senator Roger Reitz; the Dorothy Bramlage Public Library, 230 W. 7th St., Junction City, Kansas, 66441 and the Geary County Veterans Alliance, P.O. Box 1641, Junction City, Kansas, 66441 and Chuck Ford, Vietnam Veterans of America, Chapter 344, P.O. Box 1492, Junction City, Kansas, 66441.

There being no objection, the following remarks of Rep. Craft are spread upon the journal:

HR 6025 was requested by the Dorothy Bramlage Public Library in Junction City for their month-long celebration of the Vietnam War era beginning on Saturday, March 27, 2010. The celebration will be held in connection with the "Big Read" program, with a focus on the service and sacrifice of the men and women who served in the military in support of the Vietnam War. For that reason, I think it is very fitting for the Kansas House of Representatives to adopt this resolution in order to show their respect and appreciation to the Vietnam Era veterans.

CONSENT CALENDAR

No objection was made to **SB 508** appearing on the Consent Calendar for the second day.

On motion of Rep. Merrick, the House resolved into Committee of the Whole, with Rep. Hayzlett in the chair.

COMMITTEE OF THE WHOLE

On motion of Rep. Hayzlett, Committee of the Whole report, as follows, was adopted: Recommended that **SB 463** be passed.

HB 2465 be passed over and retain a place on the calendar.

On motion of Rep. Merrick, pursuant to House Rule 2311, House Rule 1704 be suspended for the purpose of allowing designated members to speak more than twice on **HB 2549**.

Also, committee report to **HB 2549** be adopted; also, roll call was demanded on motion of Rep. King to amend on page 4, in line 14, after the stricken material, by inserting "Any religious organization which makes a nonrecurring sale of tangible personal property acquired for the purpose of resale shall be deemed to be not engaged at the time of such sale in the business of selling such property.";

On page 71, after line 35, by inserting:

"(yy) all sales of tangible personal property and services purchased by a religious organization which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code, and used exclusively for religious purposes, and all sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization which would be exempt from taxation under the provisions of this section if purchased directly by such organization. Nothing in this subsection shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in the constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for any such organization. When any such organization shall contract for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling facilities, it shall obtain from the state and furnish to the contractor an exemption certificate for the project involved, and the contractor may purchase materials for incorporation in such project. The contractor shall furnish the number of such certificate to all suppliers from whom such purchases are made, and such suppliers shall execute invoices covering the same bearing the number of such certificate. Upon completion of the project the contractor shall furnish to such organization concerned a sworn statement, on a form to be provided by the director of taxation, that all purchases so made were entitled to exemption under this subsection. All invoices shall be held by the contractor for a period of five years and shall be subject to audit by the director of taxation. If any materials purchased under such a certificate are found not to have been incorporated in the building or other project or not to have been returned for credit or the sales or compensating tax otherwise imposed upon such materials which will not be so incorporated in the building or other project reported and paid by such contractor to the director of taxation not later than the 20th day of the month following the close of the month in which it shall be determined that such materials will not be used for the purpose for which such certificate was issued, such organization concerned shall be liable for tax on all materials purchased for the project, and upon payment thereof it may recover the same from the contractor together with reasonable attorney fees. Any contractor or any agent, employee or subcontractor thereof, who shall use or otherwise dispose of any materials purchased under such a certificate for any purpose other than that for which such a certificate is issued without the payment of the sales or compensating tax otherwise imposed upon such materials, shall be guilty of a misdemeanor and, upon conviction therefor, shall be subject to the penalties provided for in subsection (g) of K.S.A. 79-3615, and amendments thereto. Sales tax paid on and after July 1, 1998, but prior to the effective date of this act upon the gross receipts received from any sale exempted by the amendatory provisions of this subsection shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the director of taxation upon forms furnished by the director and shall be accompanied by any additional documentation required by the director. The director shall review each claim and shall refund that amount of sales tax paid as determined under the provisions of this subsection. All refunds shall be paid from the sales tax refund fund upon warrants of the director of accounts and reports pursuant to vouchers approved by the director or the director's designee;"

And by redesignating the remaining subsections in this section accordingly;

On roll call, the vote was: Yeas 119; Nays 0; Present but not voting: 1; Absent or not voting: 5.

Yeas: Aurand, Ballard, Barnes, Benlon, Bollier, Bowers, Brookens, A. Brown, T. Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Colloton, Craft, Crow, Crum, Davis, DeGraaf,

Dillmore, Donohoe, Faber, Feuerborn, Finney, Flaharty, Frownfelter, Fund, Furtado, Garcia, D. Gatewood, S. Gatewood, George, Goico, Gordon, Goyle, Grange, Grant, Hayzlett, Henderson, Henry, Hermanson, Hill, Hineman, C. Holmes, M. Holmes, Horst, Huebert, Jack, Kelley, Kerschen, Kiegerl, King, Kinzer, Kleeb, Knox, Kuether, Landwehr, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, Mast, McCray-Miller, McLeland, Meier, Menghini, Merrick, Morrison, Moxley, Myers, Neighbor, Neufeld, O'Brien, O'Neal, Olson, Otto, Palmer, Patton, Pauls, Peck, Phelps, Pottorff, Powell, Prescott, Proehl, Quigley, Rardin, Rhoades, Roth, Schroeder, Schwab, Schwartz, Seiwert, Shultz, Siegfried, Slattery, Sloan, Spalding, Suellentrop, D. Svaty, Swanson, Swenson, Tafanelli, Talia, Tietze, Trimmer, Vickrey, Ward, Wetta, Whitham, Williams, B. Wolf, K. Wolf, Worley, Yoder.

Nays: None.

Present but not voting: Bethell.

Absent or not voting: Hawk, Johnson, Peterson, Ruiz, Winn.

The motion of Rep. King prevailed.

Also, roll call was demanded on further motion of Rep. King to amend **HB 2549** on page 17, in line 25, after the semicolon by inserting "and"; in line 28, by striking "; and"; by striking all in lines 29 through 31;

On page 59, after line 43, by inserting the following:

"(dd) all sales of lottery tickets and shares made as part of a lottery operated by the state of Kansas;"

And by redesignating the remaining subsections in this section accordingly;

On roll call, the vote was: Yeas 121; Nays 0; Present but not voting: 0; Absent or not voting: 4.

Yeas: Aurand, Ballard, Barnes, Benlon, Bethell, Bollier, Bowers, Brookens, A. Brown, T. Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Colloton, Craft, Crow, Crum, Davis, DeGraaf, Dillmore, Donohoe, Faber, Feuerborn, Finney, Flaharty, Frownfelter, Fund, Furtado, Garcia, D. Gatewood, S. Gatewood, George, Goico, Gordon, Goyle, Grange, Grant, Hayzlett, Henderson, Henry, Hermanson, Hill, Hineman, C. Holmes, M. Holmes, Horst, Huebert, Jack, Kelley, Kerschen, Kiegerl, King, Kinzer, Kleeb, Knox, Kuether, Landwehr, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, Mast, McCray-Miller, McLeland, Meier, Menghini, Merrick, Morrison, Moxley, Myers, Neighbor, Neufeld, O'Brien, O'Neal, Olson, Otto, Palmer, Patton, Pauls, Peck, Phelps, Pottorff, Powell, Prescott, Proehl, Quigley, Rardin, Rhoades, Roth, Ruiz, Schroeder, Schwab, Schwartz, Seiwert, Shultz, Siegfried, Slattery, Sloan, Spalding, Suellentrop, D. Svaty, Swanson, Swenson, Tafanelli, Talia, Tietze, Trimmer, Vickrey, Ward, Wetta, Whitham, Williams, B. Wolf, K. Wolf, Worley, Yoder.

Nays: None.

Present but not voting: None.

Absent or not voting: Hawk, Johnson, Peterson, Winn.

The motion of Rep. King prevailed.

Also, roll call was demanded on further motion of Rep. King to amend **HB 2549** on page 1, by striking all in lines 16 through 30;

And by renumbering sections accordingly;

On page 12, in line 15, after the stricken material, by inserting "to residential premises for noncommercial use by the occupant of such premises, and"; in line 23, after the stricken material, by inserting "; and for all sales of propane gas, LP gas, coal, wood and other fuel sources for the production of heat or lighting for noncommercial use of an occupant of residential premises, the state rate shall be 0%, but such tax shall not be levied and collected upon the gross receipts from: (1) The sale of a rural water district benefit unit; (2) a water system impact fee, system enhancement fee or similar fee collected by a water supplier as a condition for establishing service; or (3) connection or reconnection fees collected by a water supplier";

On page 87, in line 3, by striking "12-189a,";

On page 1, in the title, in line 12, by striking "12-189a,";

On roll call, the vote was: Yeas 121; Nays 0; Present but not voting: 0; Absent or not voting: 4.

Yeas: Aurand, Ballard, Barnes, Benlon, Bethell, Bollier, Bowers, Brookens, A. Brown, T. Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Colloton, Craft, Crow, Crum, Davis, DeGraaf, Dillmore, Donohoe, Faber, Feuerborn, Finney, Flaharty, Frownfelter, Fund, Furtado, Garcia, D. Gatewood, S. Gatewood, George, Goico, Gordon, Goyle, Grange, Grant, Hayzlett, Henderson, Henry, Hermanson, Hill, Hineman, C. Holmes, M. Holmes, Horst, Huebert, Jack, Kelley, Kerschen, Kiegerl, King, Kinzer, Kleeb, Knox, Kuether, Landwehr, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, Mast, McCray-Miller, McLeland, Meier, Menghini, Merrick, Morrison, Moxley, Myers, Neighbor, Neufeld, O'Brien, O'Neal, Olson, Otto, Palmer, Patton, Pauls, Peck, Phelps, Pottorff, Powell, Prescott, Proehl, Quigley, Rardin, Rhoades, Roth, Ruiz, Schroeder, Schwab, Schwartz, Seiwert, Shultz, Siegfried, Slattery, Sloan, Spalding, Suellentrop, D. Svaty, Swanson, Swenson, Tafanelli, Talia, Tietze, Trimmer, Vickrey, Ward, Wetta, Whitham, Williams, B. Wolf, K. Wolf, Worley, Yoder.

Nays: None.

Present but not voting: None.

Absent or not voting: Hawk, Johnson, Peterson, Winn.

The motion of Rep. King prevailed.

Also, roll call was demanded on further motion of Rep. King to amend **HB 2549** on page 12, in line 2, after the stricken material, by inserting "Any interstate or international 800 or 900 service; (2) any interstate or international private communications service as defined in K.S.A. 2009 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice data service; (4)"; in line 5, by striking "(2)" and inserting "(5)";

On page 14, in line 1, by striking "fees" and inserting ": (1) Fees and"; in line 2, after "charges" by inserting "by any political subdivision,."; in line 8, after "activities" by inserting "; and (2) entry fees and charges for participation in a special event or tournament sanctioned by a national sporting association to which spectators are charged an admission which is taxable pursuant to subsection (e)"; in line 39, after the stricken material, by inserting "but not including: (1) The transfer of motor vehicles or trailers by a person to a corporation or limited liability company solely in exchange for stock securities or membership interest in such corporation or limited liability company; or (2) the transfer of motor vehicles or trailers by one corporation or limited liability company to another when all of the assets of such corporation or limited liability company are transferred to such other corporation or limited liability company; or (3) the sale of motor vehicles or trailers which are subject to taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and amendments thereto, by an immediate family member to another immediate family member. For the purposes of clause (3), immediate family member means lineal ascendants or descendants, and their spouses";

On page 51, by striking all in lines 3 through 43;

By striking all on pages 52 through 86;

On page 87, by striking all in lines 1 and 2;

And by renumbering sections accordingly;

Also on page 87, in line 3, after "79-3602" by striking the comma and inserting "and"; also in line 3, by striking "and 79-3606";

On page 1, in the title, in line 10, by striking all after "to"; in line 11, by striking "services."; also in line 11, by striking "repealed" and inserting "coin-operated laundry services"; in line 12, after "79-3602" by striking the comma and inserting "and"; also in line 12, by striking "and 79-3606";

On roll call, the vote was: Yeas 121; Nays 0; Present but not voting: 0; Absent or not voting: 4.

Yeas: Aurand, Ballard, Barnes, Benlon, Bethell, Bollier, Bowers, Brookens, A. Brown, T. Brown, Brunk, Burgess, Burroughs, Carlin, Carlson, Colloton, Craft, Crow, Crum, Davis, DeGraaf, Dillmore, Donohoe, Faber, Feuerborn, Finney, Flaharty, Frownfelter, Fund, Furtado, Garcia, D. Gatewood, S. Gatewood, George, Goico, Gordon, Goyle, Grange, Grant, Hayzlett, Henderson, Henry, Hermanson, Hill, Hineman, C. Holmes, M. Holmes, Horst, Huebert, Jack, Kelley, Kerschen, Kiegerl, King, Kinzer, Kleeb, Knox, Kuether, Landwehr, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, Mast, McCray-Miller, McLeland, Meier, Menghini, Merrick, Morrison, Moxley, Myers, Neighbor, Neufeld, O'Brien, O'Neal, Olson, Otto, Palmer, Patton, Pauls, Peck, Phelps, Pottorff, Powell, Prescott, Proehl,

Quigley, Rardin, Rhoades, Roth, Ruiz, Schroeder, Schwab, Schwartz, Seiwert, Shultz, Siegfried, Slattery, Sloan, Spalding, Suellentrop, D. Svaty, Swanson, Swenson, Tafanelli, Talia, Tietze, Trimmer, Vickrey, Ward, Wetta, Whitham, Williams, B. Wolf, K. Wolf, Worley, Yoder.

Nays: None.

Present but not voting: None.

Absent or not voting: Hawk, Johnson, Peterson, Winn.

The motion of Rep. King prevailed.

Also, on motion of Rep. Dillmore to postpone action on **HB 2549** until May, 3, 2010, Rep. Aurand rose on a point of order requesting a ruling if the motion be in order. The Rules Chair ruled the motion in order although Joint Rule 4(k) would have to be suspended in order to discuss the bill on May 3.

Roll call was demanded on the motion of Rep. Dillmore.

On roll call, the vote was: Yeas 64; Nays 57; Present but not voting: 0; Absent or not voting: 4.

Yeas: Ballard, Barnes, Benlon, Bollier, Brookens, T. Brown, Burroughs, Carlin, Colloton, Craft, Crow, Davis, Dillmore, Feuerborn, Finney, Flaharty, Frownfelter, Furtado, Garcia, D. Gatewood, S. Gatewood, George, Goyle, Grant, Henderson, Henry, Hill, Hineman, Kuether, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, McCray-Miller, Meier, Menghini, Moxley, Neighbor, Palmer, Pauls, Phelps, Pottorff, Proehl, Quigley, Rardin, Roth, Ruiz, Slattery, Sloan, Spalding, D. Svaty, Swanson, Swenson, Talia, Tietze, Trimmer, Ward, Wetta, Williams, K. Wolf, Worley.

Nays: Aurand, Bethell, Bowers, A. Brown, Brunk, Burgess, Carlson, Crum, DeGraaf, Donohoe, Faber, Fund, Goico, Gordon, Grange, Hayzlett, Hermanson, C. Holmes, M. Holmes, Horst, Huebert, Jack, Kelley, Kerschen, Kiegerl, King, Kinzer, Kleeb, Knox, Landwehr, Mast, McLeland, Merrick, Morrison, Myers, Neufeld, O'Brien, O'Neal, Olson, Otto, Patton, Peck, Powell, Prescott, Rhoades, Schroeder, Schwab, Schwartz, Seiwert, Shultz, Siegfried, Suellentrop, Tafanelli, Vickrey, Whitham, B. Wolf, Yoder.

Present but not voting: None.

Absent or not voting: Hawk, Johnson, Peterson, Winn.

The motion of Rep. Dillmore prevailed and discussion on **HB 2549** be postponed until May 3, 2010.

Committee report to **HB 2519** be adopted; also, roll call was demanded on motion of Rep. Menghini to amend on page 1, by striking all in lines 16 through 43;

On page 2, by striking all in lines 1 through 33;

And by renumbering the remaining sections accordingly;

On page 10, in line 30, by striking "12-191,";

On page 1, in the title, in line 10, by striking "situs of taxable trans-"; in line 11, by striking "actions,"; in line 12, by striking "12-191,";

On roll call, the vote was: Yeas 64; Nays 55; Present but not voting: 0; Absent or not voting: 6.

Yeas: Ballard, Barnes, Benlon, Bollier, Brookens, T. Brown, Burroughs, Carlin, Colloton, Craft, Crow, Davis, Dillmore, Faber, Feuerborn, Finney, Flaharty, Frownfelter, Furtado, Garcia, D. Gatewood, S. Gatewood, Grant, Henderson, Henry, Hill, Hineman, Horst, Kerschen, King, Kuether, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, McCray-Miller, Meier, Menghini, Moxley, Neighbor, Pauls, Phelps, Proehl, Quigley, Rardin, Roth, Ruiz, Schroeder, Slattery, Sloan, Spalding, D. Svaty, Swanson, Swenson, Tafanelli, Tietze, Trimmer, Ward, Wetta, Whitham, Worley.

Nays: Aurand, Bethell, Bowers, A. Brown, Brunk, Burgess, Carlson, Crum, DeGraaf, Donohoe, Fund, George, Goico, Gordon, Goyle, Grange, Hayzlett, Hermanson, C. Holmes, M. Holmes, Huebert, Jack, Kelley, Kiegerl, Kinzer, Kleeb, Knox, Landwehr, Mast, McLeland, Merrick, Morrison, Myers, Neufeld, O'Brien, O'Neal, Otto, Palmer, Patton, Peck, Pottorff, Powell, Prescott, Rhoades, Schwab, Schwartz, Seiwert, Siegfried, Suellentrop, Talia, Vickrey, Williams, B. Wolf, K. Wolf, Yoder.

Present but not voting: None.

Absent or not voting: Hawk, Johnson, Olson, Peterson, Shultz, Winn.

The motion of Rep. Menghini prevailed.

Also, roll call was demanded on motion of Rep. Peck to strike the enacting clause on **HB 2519**.

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

Yeas: A. Brown, Brunk, Carlson, Crum, DeGraaf, Donohoe, Faber, Fund, George, Goico, Gordon, Goyle, Grange, Hayzlett, Hermanson, C. Holmes, M. Holmes, Huebert, Jack, Kelley, Kerschen, Kiegerl, King, Kinzer, Kleeb, Knox, Landwehr, Mast, McLeland, Merrick, Morrison, Myers, Neufeld, O'Brien, O'Neal, Olson, Otto, Patton, Peck, Powell, Prescott, Rhoades, Schwab, Seiwert, Shultz, Siegfried, Suellentrop, Talia, Vickrey, Whitham, B. Wolf, K. Wolf, Yoder.

Nays: Aurand, Ballard, Barnes, Benlon, Bethell, Bollier, Bowers, Brookens, T. Brown, Burgess, Burroughs, Carlin, Colloton, Craft, Crow, Davis, Dillmore, Feuerborn, Finney, Flaharty, Frownfelter, Furtado, Garcia, D. Gatewood, S. Gatewood, Grant, Henderson, Henry, Hill, Hineman, Horst, Kuether, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, McCray-Miller, Meier, Menghini, Moxley, Neighbor, Palmer, Pauls, Phelps, Pottorff, Proehl, Quigley, Rardin, Roth, Ruiz, Schroeder, Schwartz, Slattery, Sloan, Spalding, D. Svaty, Swanson, Swenson, Tafanelli, Tietze, Trimmer, Ward, Wetta, Williams, Worley.

Present but not voting: None.

Absent or not voting: Hawk, Johnson, Peterson, Winn.

The motion of Rep. Peck did not prevail.

Also, on motion of Rep. Menghini, **HB 2519** be passed as amended.

Committee report to **SB 430** be adopted; also, roll call was demanded on motion of Rep. Jack to amend on page 11, after line 32, by inserting the following:

"New Sec. 6. For taxable years commencing after December 31, 2009, there shall be allowed a tax credit against the income tax liability imposed upon a taxpayer pursuant to the Kansas income tax act, in an amount equal to the amount of expenditures incurred in the remodeling or constructing of business premises or facilities to comply with any resolution or ordinance adopted by any city or county or other political subdivision of the state related to the regulation of smoking when such expenditures were incurred after the adoption of any such resolution or ordinance. Any such taxpayer shall be entitled to a credit equal to the amount of such expenditures, subject to the limitations prescribed in this section. In no event shall the amount of such credit for any one taxpayer exceed \$10,000 in any one tax year. In no event shall the total amount of credits allowed under this section for any one taxpayer exceed \$50,000. If the amount of the credit allowed by this section exceeds the taxpayer's income tax liability imposed under the Kansas income tax act, such excess amount shall be refunded to the taxpayer, except that such refund shall not exceed \$10,000 for any one tax year. Any amount of a refund to which a taxpayer is entitled that is not refunded to such taxpayer due to the \$10,000 tax year limitation, shall be refunded to the taxpayer in the next succeeding year or years until the total amount of such credit has been deducted from tax liability and refunded to the taxpayer, subject to the \$50,000 total credit limitation. The secretary of revenue shall adopt rules and regulations regarding the filing of documents that support the amount of credit claimed pursuant to this section.";

And by renumbering sections accordingly;

On page 1, in the title, in line 13, before "amending" by inserting "credit for certain expenditures to comply with smoking resolutions or ordinances;"

On roll call, the vote was: Yeas 52; Nays 67; Present but not voting: 0; Absent or not voting: 6.

Yeas: Aurand, Bowers, A. Brown, Brunk, Carlson, Crum, DeGraaf, Faber, Fund, Goico, Gordon, Goyle, Hayzlett, Hermanson, C. Holmes, M. Holmes, Huebert, Jack, Kelley, Kerschen, Kinzer, Knox, Landwehr, Maloney, Mast, McLeland, Meier, Merrick, Morrison, Myers, Neufeld, O'Brien, O'Neal, Olson, Patton, Peck, Pottorff, Powell, Prescott, Proehl, Rhoades, Schroeder, Schwab, Schwartz, Seiwert, Shultz, Siegfried, Suellentrop, Tafanelli, Talia, Vickrey, Yoder.

Nays: Ballard, Barnes, Benlon, Bethell, Bollier, Brookens, T. Brown, Burgess, Burroughs, Carlin, Colloton, Craft, Crow, Davis, Dillmore, Donohoe, Feuerborn, Finney, Flaharty, Frownfelter, Furtado, Garcia, D. Gatewood, S. Gatewood, George, Grange, Grant, Henderson, Henry, Hill, Hineman, Horst, King, Kleeb, Kuether, Lane, Light, Loganbill, Long,

Lukert, Mah, McCray-Miller, Menghini, Moxley, Neighbor, Otto, Palmer, Pauls, Phelps, Quigley, Rardin, Roth, Ruiz, Slattery, Sloan, Spalding, Swanson, Swenson, Tietze, Trimmer, Ward, Wetta, Whitham, Williams, B. Wolf, K. Wolf, Worley.

Present but not voting: None.

Absent or not voting: Hawk, Johnson, Kiegerl, Peterson, D. Svaty, Winn.

The motion of Rep. Jack did not prevail.

Also, on further motion of Rep. Jack to amend **SB 430**, Rep. Menghini requested the question be divided. The request was subsequently withdrawn. The question reverted back to the motion of Rep. Jack to amend on page 11, after line 32, by inserting the following:

“Sec. 6. K.S.A. 2009 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. 2009 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. 2009 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. 2009 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. 2009 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. 2009 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. 2009 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. 2009 Supp. 79-32,223 through 79-32,226, 79-32,228 through 79-32,231, 79-32,233 through 79-32,236, 79-32,238 through 79-32,241, 79-32,245 through 79-32,248 or 79-32,251 through 79-32,254, and amendments thereto.

(xvi) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2009 Supp. 79-32,227, 79-32,232, 79-32,237, 79-32,249, 79-32,250 or 79-32,255, and amendments thereto.

(xvii) The amount of any amortization deduction claimed in determining federal adjusted gross income to the extent the same is claimed for deduction pursuant to K.S.A. 2009 Supp. 79-32,256, and amendments thereto.

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

(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. 2009 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, 2006, amounts not exceeding \$3,000, or \$6,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program or a qualified tuition program established and maintained by another state or agency or instrumentality thereof pursuant to section 529 of the internal revenue code of 1986, as amended, for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2009 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.

(xix) For the taxable year beginning after December 31, ~~2006~~ 2009, and all taxable years thereafter, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$50,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly, and for all taxable years beginning after December 31, 2007, amounts received as benefits under the federal social security act which are included in federal adjusted gross income of a taxpayer with federal adjusted gross income of \$75,000 or less, whether such taxpayer's filing status is single, head of household, married filing separate or married filing jointly.

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

(xxi) For all taxable years beginning after December 31, 2009, amounts received as income from annuities, in addition to amounts described in paragraphs (iv) and (vii) of this subsection, to the extent that such amounts are included in federal adjusted gross income.

(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.”;

And by renumbering sections accordingly;

Also on page 11, in line 34, after “74-99c09,” by inserting “79-32,117,”;

On page 1, in the title, in line 13, before “amending” by inserting “social security benefits and annuities;”; in line 13, after “74-99c09,” by inserting “79-32,117,”;

Roll call was demanded.

On roll call, the vote was: Yeas 43; Nays 75; Present but not voting: 0; Absent or not voting: 7.

Yeas: A. Brown, Carlson, Colloton, Crum, DeGraaf, Faber, Fund, Goico, Gordon, Goyle, Hayzlett, Hermanson, M. Holmes, Jack, Kelley, Kerschen, Kinzer, Knox, Landwehr, Mast, McLeland, Meier, Merrick, Morrison, Myers, Neufeld, O'Brien, O'Neal, Olson, Patton, Peck, Pottorff, Powell, Prescott, Rhoades, Schwab, Seiwert, Siegfried, Spalding, Suellentrop, Talia, Vickrey, Yoder.

Nays: Aurand, Ballard, Barnes, Benlon, Bethell, Bollier, Bowers, Brookens, T. Brown, Burgess, Burroughs, Carlin, Craft, Crow, Davis, Dillmore, Donohoe, Feuerborn, Finney, Flaharty, Frownfelter, Furtado, Garcia, D. Gatewood, S. Gatewood, George, Grange, Grant,

Henderson, Henry, Hill, Hineman, C. Holmes, Horst, King, Kleeb, Kuether, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, McCray-Miller, Menghini, Moxley, Neighbor, Otto, Palmer, Pauls, Phelps, Proehl, Quigley, Rardin, Roth, Ruiz, Schroeder, Schwartz, Shultz, Slattery, Sloan, D. Svaty, Swanson, Swenson, Tafanelli, Tietze, Trimmer, Ward, Wetta, Whitham, Williams, B. Wolf, K. Wolf, Worley.

Present but not voting: None.

Absent or not voting: Brunk, Hawk, Huebert, Johnson, Kiegerl, Peterson, Winn.

The motion of Rep. Jack did not prevail.

Also, on motion of Rep. Olson to amend **SB 430**, Rep. C. Holmes requested a ruling on the amendment being germane to the bill. The Rules Chair ruled the amendment germane. The question then reverted back to the motion of Rep. Olson to amend, which did not prevail; and **SB 430** be passed as amended.

On motion of Rep. Kinzer to amend **HB 2520**, Rep. Crow requested a ruling on the amendment being germane to the bill. Rep. Kinzer subsequently withdrew his amendment; and the bill be passed.

Committee report to **HB 2621** be adopted; also, roll call was demanded on motion of Rep. Carlson to amend on page 14, after line 8, by inserting the following:

“Sec. 4. K.S.A. 2009 Supp. 79-32,110 is hereby amended to read as follows: 79-32,110.

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

(1) *Married individuals filing joint returns.*

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

(2) *All other individuals.*

(A) For tax year 1997:

If the taxable income is:	The tax is:
Not over \$20,000	4.1% of Kansas taxable income
Over \$20,000 but not over \$30,000	\$820 plus 7.5% of excess over \$20,000
Over \$30,000	\$1,570 plus 7.75% of excess over \$30,000

(B) For tax year 1998, and all tax years thereafter:

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

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

(c) *Corporations. For tax year 2010,* a tax is hereby imposed upon the Kansas taxable income of every corporation doing business within this state or deriving income from sources within this state. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(1) *For tax year 2010,* the normal tax shall be in an amount equal to 4% of the Kansas taxable income of such corporation; and

(2) ~~(A) for tax year 2009, the surtax shall be in an amount equal to 3.1% of the Kansas taxable income of such corporation in excess of \$50,000;~~

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

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

The tax imposed pursuant to this subsection shall expire on December 31, 2010.

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

And by renumbering sections accordingly;

Also on page 14, in line 11, before “79-32,204” by inserting “79-32,110.”;

On page 1, in the title, in line 12, before “amending” by inserting “taxation on corporations.”; in line 14, before “and” by inserting “and 79-32,110”;

On roll call, the vote was: Yeas 30; Nays 84; Present but not voting: 0; Absent or not voting: 11.

Yeas: A. Brown, Carlson, Crum, DeGraaf, Donohoe, Fund, George, Goico, Gordon, Goyle, Hayzlett, Jack, Kelley, Kinzer, Knox, Landwehr, Mast, McLeland, Merrick, Morrison, Neufeld, O’Brien, O’Neal, Olson, Powell, Prescott, Schwab, Siegfried, Vickrey, Yoder.

Nays: Aurand, Ballard, Barnes, Benlon, Bethell, Bollier, Bowers, Brookens, T. Brown, Burgess, Burroughs, Carlin, Colloton, Craft, Crow, Davis, Dillmore, Faber, Feuerborn, Finney, Flaharty, Frownfelter, Furtado, Garcia, D. Gatewood, S. Gatewood, Grange, Grant, Henderson, Henry, Hill, Hineman, C. Holmes, Horst, Kerschen, Kiegerl, King, Kleeb, Kuether, Lane, Light, Loganbill, Long, Lukert, Mah, Maloney, McCray-Miller, Meier, Menghini, Moxley, Myers, Neighbor, Otto, Palmer, Patton, Pauls, Peck, Phelps, Proehl, Quigley, Rardin, Roth, Ruiz, Schroeder, Schwartz, Seiwert, Shultz, Slatery, Sloan, Spalding, D. Svaty, Swanson, Swenson, Tafanelli, Talia, Tietze, Trimmer, Ward, Wetta, Whitham, Williams, B. Wolf, K. Wolf, Worley.

Present but not voting: None.

Absent or not voting: Brunk, Hawk, Hermanson, M. Holmes, Huebert, Johnson, Peterson, Pottorff, Rhoades, Suellentrop, Winn.

The motion of Rep. Carlson did not prevail; and **HB 2621** be passed as amended.

On motion of Rep. Menghini to amend **HB 2463**, the motion did not prevail, and the bill be passed.

Committee report recommending a substitute bill to **Sub. HB 2521** be adopted; also, on motion of Rep. Garcia to amend, Rep. Schroeder requested a ruling on the amendment being germane to the bill. The Rules Vice-Chair ruled the amendment germane. The question then reverted back to the motion of Rep. Garcia and the bill be amended on page 3, following line 27, by inserting the following:

“Sec. 2. K.S.A. 2009 Supp. 79-3234 is hereby amended to read as follows: 79-3234. (a) All reports and returns required by this act shall be preserved for three years and thereafter until the director orders them to be destroyed.

(b) Except in accordance with proper judicial order, or as provided in subsection (c) or in K.S.A. 17-7511, subsection (g) of K.S.A. 46-1106, K.S.A. 46-1114, or K.S.A. 79-32,153a, and amendments thereto, it shall be unlawful for the secretary, the director, any deputy, agent, clerk or other officer, employee or former employee of the department of revenue or any other state officer or employee or former state officer or employee to divulge, or to make known in any way, the amount of income or any particulars set forth or disclosed in any report, return, federal return or federal return information required under this act; and it shall be unlawful for the secretary, the director, any deputy, agent, clerk or other officer or employee engaged in the administration of this act to engage in the business or profession of tax accounting or to accept employment, with or without consideration, from any person, firm or corporation for the purpose, directly or indirectly, of preparing tax returns or reports required by the laws of the state of Kansas, by any other state or by the United States government, or to accept any employment for the purpose of advising, preparing material or data, or the auditing of books or records to be used in an effort to defeat or cancel any tax or part thereof that has been assessed by the state of Kansas, any other state or by the United States government.

(c) The secretary or the secretary’s designee may: (1) Publish statistics, so classified as to prevent the identification of particular reports or returns and the items thereof;

(2) allow the inspection of returns by the attorney general or other legal representatives of the state;

(3) provide the post auditor access to all income tax reports or returns in accordance with and subject to the provisions of subsection (g) of K.S.A. 46-1106 or K.S.A. 46-1114, and amendments thereto;

(4) disclose taxpayer information from income tax returns to persons or entities contracting with the secretary of revenue where the secretary has determined disclosure of such information is essential for completion of the contract and has taken appropriate steps to preserve confidentiality;

(5) disclose to the secretary of commerce the following: (A) Specific taxpayer information related to financial information previously submitted by the taxpayer to the secretary of commerce concerning or relevant to any income tax credits, for purposes of verification of such information or evaluating the effectiveness of any tax credit program administered by the secretary of commerce; and (B) findings related to a compliance audit conducted by the department of revenue upon the request of the secretary of commerce pursuant to K.S.A. 2009 Supp. 74-50,215, and amendments thereto;

(6) disclose income tax returns to the state gaming agency to be used solely for the purpose of determining qualifications of licensees of and applicants for licensure in tribal gaming. Any information received by the state gaming agency shall be confidential and shall not be disclosed except to the executive director, employees of the state gaming agency and members and employees of the tribal gaming commission;

(7) disclose the taxpayer's name, last known address and residency status to the department of wildlife and parks to be used solely in its license fraud investigations;

(8) disclose the name, residence address, employer or Kansas adjusted gross income of a taxpayer who may have a duty of support in a title IV-D case to the secretary of the Kansas department of social and rehabilitation services for use solely in administrative or judicial proceedings to establish, modify or enforce such support obligation in a title IV-D case. In addition to any other limits on use, such use shall be allowed only where subject to a protective order which prohibits disclosure outside of the title IV-D proceeding. As used in this section, "title IV-D case" means a case being administered pursuant to part D of title IV of the federal social security act (42 U.S.C. §651 et seq.) and amendments thereto. Any person receiving any information under the provisions of this subsection shall be subject to the confidentiality provisions of subsection (b) and to the penalty provisions of subsection (e);

(9) permit the commissioner of internal revenue of the United States, or the proper official of any state imposing an income tax, or the authorized representative of either, to inspect the income tax returns made under this act and the secretary of revenue may make available or furnish to the taxing officials of any other state or the commissioner of internal revenue of the United States or other taxing officials of the federal government, or their authorized representatives, information contained in income tax reports or returns or any audit thereof or the report of any investigation made with respect thereto, filed pursuant to the income tax laws, as the secretary may consider proper, but such information shall not be used for any other purpose than that of the administration of tax laws of such state, the state of Kansas or of the United States;

(10) communicate to the executive director of the Kansas lottery information as to whether a person, partnership or corporation is current in the filing of all applicable tax returns and in the payment of all taxes, interest and penalties to the state of Kansas, excluding items under formal appeal, for the purpose of determining whether such person, partnership or corporation is eligible to be selected as a lottery retailer;

(11) communicate to the executive director of the Kansas racing commission as to whether a person, partnership or corporation has failed to meet any tax obligation to the state of Kansas for the purpose of determining whether such person, partnership or corporation is eligible for a facility owner license or facility manager license pursuant to the Kansas pari-mutuel racing act;

(12) provide such information to the executive director of the Kansas public employees retirement system for the purpose of determining that certain individuals' reported compensation is in compliance with the Kansas public employees retirement act at K.S.A. 74-4901 et seq., and amendments thereto; ~~and~~

(13) provide taxpayer information of persons suspected of violating K.S.A. 2009 Supp. 44-766, and amendments thereto, to the staff attorneys of the department of labor for the purpose of determining compliance by any person with the provisions of K.S.A. 2009 Supp. 44-766, and amendments thereto, which information shall be limited to withholding tax and

payroll information, the identity of any person that has been or is currently being audited or investigated in connection with the administration and enforcement of the withholding and declaration of estimated tax act, K.S.A. 79-3294 et seq., as amended, and the results or status of such audit or investigation; and

(14) provide such information to the state treasurer for the sole purpose of carrying out the provisions of K.S.A. 58-3934 et seq., and amendments thereto. Such information shall be limited to current and prior addresses of taxpayers or associated persons who may have knowledge as to the location of an owner of unclaimed property. For the purposes of this paragraph, "associated persons" includes spouses or dependents listed on income tax returns.

(d) Any person receiving information under the provisions of subsection (c) shall be subject to the confidentiality provisions of subsection (b) and to the penalty provisions of subsection (e).

(e) Any violation of subsection (b) or (c) is a class A nonperson misdemeanor and, if the offender is an officer or employee of the state, such officer or employee shall be dismissed from office.

(f) Nothing in this section shall be construed to allow disclosure of the amount of income or any particulars set forth or disclosed in any report, return, federal return or federal return information, where such disclosure is prohibited by the federal internal revenue code as in effect on September 1, 1996, and amendments thereto, related federal internal revenue rules or regulations, or other federal law.;

And by renumbering the remaining sections accordingly;

On page 7, in line 7, following "Supp.", by inserting "79-3234.,";

On page 1, in the title, in line 10, preceding "intangibles", by inserting "disclosure of information;"; in line 11, following "Supp." by inserting "79-3234.,"; and **Sub. HB 2521** be passed as amended.

Committee report recommending a substitute bill to **Sub. HB 2689** be adopted; also, roll call was demanded on motion of Rep. Kinzer to amend on page 9, after line 7, by inserting the following:

"(28) The board of county commissioners of any county may submit the question of imposing a retailers' sales tax at the rate of .25% and pledging the revenue received therefrom for the purpose of donations to meet the education needs of all unified school districts within any such county, to the electors at an election called and held thereon.;"

On page 13, in line 12, by striking "and"; in line 17, before the period, by inserting "; and

(bb) the board of county commissioners of any county for purposes of paragraph (28) of subsection (b) of K.S.A. 12-187, and amendments thereto, may fix such rate at a percentage which is equal to the sum of the rate allowed to be imposed by a board of county commissioners as otherwise provided by this section on the effective date of this act plus .25%";

On page 16, in line 25, by striking "and" and inserting a comma; also in line 25, after "(27)" by inserting "and (28)";

On page 18, after line 3, by inserting the following:

"New Sec. 5. All amounts received from a county which imposed a countywide retailers' sales tax imposed pursuant to paragraph (28) of subsection (b) of K.S.A. 12-187, and amendments thereto, by a school or unified school district shall be deemed a donation pursuant to the provisions of K.S.A. 72-8210, and amendments thereto.;"

And by renumbering sections accordingly;

On page 1, in the title, in line 10, before "amending" by inserting "education needs of schools, donations;";

On roll call, the vote was: Yeas 49; Nays 69; Present but not voting: 0; Absent or not voting: 7.

Yeas: Benlon, Bollier, A. Brown, Brunk, Carlson, Colloton, Donohoe, Furtado, Hayzlett, Hermanson, Hill, C. Holmes, Huebert, Jack, Kerschen, Kiegerl, Kinzer, Kleeb, Landwehr, Light, Mah, Mast, McLeland, Menghini, Merrick, Morrison, Neighbor, O'Brien, O'Neal, Olson, Patton, Peck, Powell, Prescott, Quigley, Rardin, Rhoades, Schwab, Seiwert, Siegfried, Slattery, Spalding, Suellentrop, Swanson, Talia, Vickrey, K. Wolf, Worley, Yoder.

Nays: Aurand, Ballard, Barnes, Bethell, Bowers, Brookens, T. Brown, Burgess, Burroughs, Carlin, Craft, Crow, Crum, Davis, DeGraaf, Dillmore, Faber, Feuerborn, Finney, Flaharty, Frownfelter, Fund, Garcia, D. Gatewood, S. Gatewood, Goico, Gordon, Goyle,

Grange, Grant, Henderson, Henry, Hineman, M. Holmes, Horst, Kelley, King, Knox, Kuether, Lane, Loganbill, Long, Lukert, Maloney, McCray-Miller, Meier, Moxley, Myers, Otto, Palmer, Pauls, Phelps, Pottorff, Proehl, Roth, Ruiz, Schroeder, Schwartz, Sloan, D. Svaty, Swenson, Tafanelli, Tietze, Trimmer, Ward, Wetta, Whitham, Williams, B. Wolf.

Present but not voting: None.

Absent or not voting: George, Hawk, Johnson, Neufeld, Peterson, Shultz, Winn.

The motion of Rep. Kinzer did not prevail; and **Sub. HB 2689** be passed.

REPORTS OF STANDING COMMITTEES

Committee on **Commerce and Labor** recommends **HB 2669** be amended by substituting a new bill to be designated as "Substitute for HOUSE BILL No. 2669," as follows:

"Substitute for HOUSE BILL No. 2669

By Committee on Commerce and Labor

"AN ACT establishing the Kansas employment initiative act and creating the Kansas employment first oversight commission."; and the substitute bill be passed.

(**Sub. HB 2669** was thereupon introduced and read by title.)

Committee on **Economic Development and Tourism** recommends **HB 2616** be amended on page 2, in line 27, by striking "or these eight"; by striking all in line 28; following line 35, by inserting:

"(h) "Grappling arts" means any form of grappling including but not limited to brazilian jiu jitsu, catch wrestling, judo, luta livre esportiva, sambo, shoot wrestling, shooto and shuai jiao conducted on a full-contact basis in a bout or contest without weapons or striking and where contestants may compete for valuable consideration.";

And by relettering the remaining subsections accordingly;

On page 3, in line 24, before "pro-" by inserting "grappling arts,"; in line 27, after "arts" by inserting ", grappling arts"; following line 28, by inserting the following:

"Sec. 4. K.S.A. 2009 Supp. 74-50,185 is hereby amended to read as follows: 74-50,185.

(a) In accordance with the provisions of the Kansas civil service act, the commission may appoint such *chief inspectors and* inspectors, agents, clerical and administrative personnel as may be necessary to assist in performing the powers, duties and functions of the commission and the boxing commissioner.

(b) *The boxing commissioner may contract with inspectors and such other persons as in the commissioner's judgment may be necessary to properly administer the provisions of this act. Such persons shall be under the direct supervision of the boxing commissioner.*

(c) *The commission shall have the authority to adopt rules and regulations for the certification and payment of inspectors.* The boxing commissioner shall not perform duties of an inspector.";

And by renumbering remaining sections accordingly;

On page 5, in line 3, by striking "Such" and inserting "Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register. Temporary rules and regulations adopted by the commission in accordance with the provisions of this subsection shall be reviewed two years from the effective date of this act by the joint committee on administrative rules and regulations. Temporary and permanent";

On page 10, in line 12, after "74-50,182," by inserting "74-50,185,";

In the title, in line 12, after "74-50,182," by inserting "74-50,185,"; and the bill be passed as amended.

Committee on **Financial Institutions** recommends **SB 382** be passed.

Committee on **Financial Institutions** recommends **SB 415** be amended on page 3, in line 27, by striking "time deposit" and inserting "savings deposits, time deposits"; and the bill be passed as amended.

Committee on **General Government Budget** recommends **SB 541** be passed and, because the committee is of the opinion that the bill is of a noncontroversial nature, be placed on the consent calendar.

General Government Budget Committee recommends **SB 410** be amended on page 1, by striking all in lines 18 through 43;

On page 2, by striking all in lines 1 through 3;

And by renumbering the remaining sections accordingly;

In the title, in line 13, by striking all after the semicolon where it appears the first time; and the bill be passed as amended.

Select Committee on KPERS recommends **SB 146** be amended by substituting a new bill to be designated as "HOUSE Substitute for SENATE BILL No. 146," as follows:

"HOUSE Substitute for SENATE BILL No. 146

By Select Committee on KPERS

"AN ACT concerning state officers and employees; relating to furloughs or reduction in compensation; the Kansas public employees retirement system, computation of benefits; amending K.S.A. 74-49,115 and repealing the existing section."; and the substitute bill be passed.

(**H. Sub. for SB 146** was thereupon introduced and read by title.)

Committee on **Vision 2020** recommends **HB 2428** be amended by substituting a new bill to be designated as "Substitute for HOUSE BILL No. 2428," as follows:

"Substitute for HOUSE BILL No. 2428

By Committee on Vision 2020

"AN ACT relating to water; providing for a water data repository; amending K.S.A. 82a-910 and K.S.A. 2009 Supp. 2-1915, 82a-1602, 82a-1603, 82a-1604, 82a-1605 and 82a-1606 and repealing the existing sections."; and the substitute bill be passed.

(**Sub. HB 2428** was thereupon introduced and read by title.)

Upon unanimous consent, the House referred back to the regular order of business, Introduction of Bills and Concurrent Resolutions.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were thereupon introduced and read by title:

HB 2742, An act concerning school districts; relating to school finance; amending K.S.A. 72-6444 and K.S.A. 2009 Supp. 72-6433 and repealing the existing sections, by Committee on Appropriations.

HB 2743, An act concerning income taxation; relating to retention of Kansas payroll withholding taxes by certain employers; requirements and procedures, by Committee on Taxation.

COMMITTEE ASSIGNMENT CHANGE

Speaker O'Neal announced that Rep. Barnes would replace Rep. Hawk on Committee on Taxation when Rep. Hawk is on excused absence.

REPORT ON ENGROSSED BILLS

HB 2519 reported correctly engrossed March 16, 2010.

REPORT ON ENROLLED BILLS

HB 2364, HB 2433, HB 2492, HB 2555, HB 2676 reported correctly enrolled, properly signed and presented to the governor on March 15, 2010.

Also, **HB 2283, HB 2323, HB 2445, HB 2456, HB 2552, HB 2584, HB 2609, HB 2619** reported correctly enrolled, properly signed and presented to the Governor on March 16, 2010.

On motion of Rep. Merrick, the House adjourned until 11:00 a.m., Wednesday, March 17, 2010.

CHARLENE SWANSON, *Journal Clerk.*

SUSAN W. KANNARR, *Chief Clerk.*

