

Journal of the Senate

FORTY-FOURTH DAY

SENATE CHAMBER, TOPEKA, KANSAS
Tuesday, March 12, 2024, 2:30 p.m.

The Senate was called to order by President Ty Masterson.
The roll was called with 37 senators present.
Senators Baumgardner, Ryckman and Thompson were excused.
Invocation by Reverend Cecil T. Washington:

Servants God Is Looking For and People Need
Psalm 25:4-5

Lord God, the psalm writer, David, had it right when he penned the following Words. And in Your providence, You preserved these Words in the Divine Cannon of Scripture. Help us to internalize and memorialize them. Psalm 25:4-5, "Show me Your ways, O Lord; Teach me Your paths. Lead me in Your truth and teach me, for You are the God of my salvation. On You I wait all the day."

Lord, when You answer the requests of these two verses when we grasp Your ways, learn Your paths, and are led guided by Your truth, we will be the servant leaders You are looking for and that the people need.

Lord, I offer this prayer on behalf of Your will being replicated here on earth, here in these halls, here among us even as it is done in Heaven. In Jesus' Name, Amen.

The Pledge of Allegiance was led by President Masterson.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were introduced and read by title:

SB 544, AN ACT concerning postsecondary education; relating to scholarship programs; establishing the Kansas academic excellence scholarship program to replace the Kansas ethnic minority scholarship program; amending K.S.A. 74-3284, 74-3285, 74-3286, 74-3287, 74-3288 and 74-3289 and repealing the existing sections, by Committee on Assessment and Taxation.

SB 545, AN ACT concerning sales taxation; relating to economic development; providing a sales tax exemption for the construction or remodeling of a qualified data center in Kansas and the purchase of data center equipment and eligible data center costs, electricity and certain labor costs to qualified firms that make a minimum investment of at least \$600,000,000 and meet new Kansas jobs and other requirements; amending K.S.A. 2023 Supp. 79-3606 and repealing the existing section, by Committee on Assessment and Taxation.

SB 546, AN ACT concerning taxation; relating to income tax; decreasing the corporate income tax rate; discontinuing income, premium and privilege tax credits of the high performance incentive program; repealing unused tax credits relating to abandoned well plugging, agritourism liability insurance, assistive technology contributions, declared disaster capital investment, environmental compliance, owners promoting employment across Kansas and swine facility improvement; relating to withholding tax; discontinuing benefits of the promoting employment across Kansas act; amending K.S.A. 65-7107, 74-50,132, 74-50,212 and 74-50,213 and K.S.A. 2023 Supp. 74-50,321, 79-32,110 and 79-32,160a and repealing the existing sections; also repealing K.S.A. 79-32,204, 79-32,207, 79-32,222, 79-32,262 and 79-32,266 and K.S.A. 2023 Supp. 32-1438, by Committee on Assessment and Taxation.

REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were referred to Committee as indicated:

Ways and Means: **SB 542**, **SB 543**.

MESSAGES FROM THE HOUSE

The House accedes to the request of the Senate for a conference on **SB 338** and has appointed Representatives Sutton, Penn and Neighbor as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **SB 339** and has appointed Representatives Sutton, Penn and Neighbor as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **SB 356** and has appointed Representatives Sutton, Penn and Neighbor as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **SB 398** and has appointed Representatives Sutton, Penn and Neighbor as conferees on the part of the House.

REPORTS OF STANDING COMMITTEES

Committee on **Assessment and Taxation** recommends **HB 2036** be amended by substituting with a new bill to be designated as "Senate Substitute for HOUSE BILL NO. 2036," as follows:

"Senate Substitute for HOUSE BILL NO. 2036

By Committee on Assessment and Taxation

"AN ACT concerning sales taxation; relating to exemptions; providing an exemption for certain purchases by disabled veterans of the armed forces of the United States.";

And the substitute bill be passed.

Also, **SB 94**, as recommended by the Senate Committee on Assessment and Taxation to be passed as reported in the Journal of the Senate on February 8, 2023, be amended on page 1, following line 7, by inserting:

"New Section 1. On July 1, 2024, the director of accounts and reports shall transfer all moneys in the local ad valorem tax reduction fund to the state general fund. On July 1, 2024, all liabilities of the local ad valorem tax reduction fund are hereby transferred to and imposed on the state general fund, and the local ad valorem tax reduction fund is

hereby abolished.

New Sec. 2. On July 1, 2024, the director of accounts and reports shall transfer all moneys in the county and city revenue sharing fund to the state general fund. On July 1, 2024, all liabilities of the county and city revenue sharing fund are hereby transferred to and imposed on the state general fund, and the county and city revenue sharing fund is hereby abolished.

Sec. 3. K.S.A. 65-163j is hereby amended to read as follows: 65-163j. (a) The dedicated source of revenue for repayment of a loan to a municipality may include service charges, connection fees, special assessments, property taxes, grants or any other source of revenue lawfully available to the municipality for such purpose. In order to ensure repayment by municipalities of the amounts of loans provided under this act, the secretary, after consultation with the governing body of any municipality ~~which that~~ receives a loan, may adopt charges to be levied against individuals and entities served by the project. Any such charges shall remain in effect until the total amount of the loan, and any interest thereon, has been repaid. The charges shall, insofar as is practicable, be equitably assessed and may be in the form of a surcharge to the existing charges of the municipality. The governing body of any municipality ~~which that~~ receives a loan under this act shall collect any charges established by the secretary and shall pay the moneys collected therefrom to the secretary in accordance with procedures established by the secretary.

~~(b) Upon the failure of a municipality to meet the repayment terms and conditions of the agreement, the secretary may order the treasurer of the county in which the municipality is located to pay to the secretary such portion of the municipality's share of the local ad valorem tax reduction fund as may be necessary to meet the terms of the agreement, notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, and amendments thereto. Upon the issuance of such an order, the municipality shall not be required to make the tax levy reductions otherwise required by K.S.A. 79-2960 and 79-2961, and amendments thereto.~~

~~(e)~~ Municipalities ~~which that~~ are provided with loans under this act shall maintain project accounts in accordance with generally accepted government accounting standards.

~~(d)~~(c) Any loans received by a municipality under the provisions of this act shall be construed to be bonds for the purposes of K.S.A. 10-1116 and 79-5028, and amendments thereto, and the amount of such loans shall not be included within any limitation on the bonded indebtedness of the municipality.

Sec. 4. K.S.A. 65-3306 is hereby amended to read as follows: 65-3306. The secretary's annual request for appropriations to the water pollution control account shall be based on an estimate of the fiscal needs for the ensuing budget year, less any amounts received by the secretary from any public or private grants or contributions and moneys in such account shall be used solely for the purposes provided for by this act. Moneys allocated to a municipality shall be encumbered as an expenditure of this account upon the formal letting of a contract for the improvement notwithstanding the date ~~on which when~~ actual payment is made of the state financial assistance. Any municipality may contribute moneys to the state water pollution control account. If there are no uncommitted or unencumbered moneys in the water pollution control account, any municipality applying for any water pollution control project as defined in K.S.A. 65-3302, and amendments thereto, shall as a condition of such application

certify in writing to the secretary that a contribution in the amount of ~~twenty-five percent~~ (25%) of the eligible cost of such project will be made to the water pollution control account by such municipality prior to formal letting of a construction contract. Upon receipt by the secretary, each such contribution shall be retained in a subaccount of the water pollution control account for use solely in the project for which the municipality has made application.

~~Notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, any municipality applying for such a water pollution control project may make such contribution from all or such part of its share of the local ad valorem tax reduction fund as may be necessary for such purpose, and to the extent such fund is pledged and used for such purpose the municipality shall not be required to make the tax levy reductions otherwise required by K.S.A. 79-2960 and 79-2961. Taxes levied by any municipality by reason of its failure to make such reduction in its levies shall not be subject to or be considered in computing the aggregate limitation upon the levy of taxes by such municipality under the provisions of K.S.A. 79-5003.~~

Sec. 5. K.S.A. 65-3327 is hereby amended to read as follows: 65-3327. (a) The dedicated source of revenue for repayment of the loans may include service charges, connection fees, special assessments, property taxes, grants or any other source of revenue lawfully available to the municipality for such purpose. In order to ensure repayment by municipalities of the amounts of loans provided under K.S.A. 65-3321 through 65-3329, and amendments thereto, the secretary, after consultation with the governing body of any municipality which receives a loan, may adopt charges to be levied against users of the project. Any such charges shall remain in effect until the total amount of the loan, and any interest thereon, has been repaid. The charges shall, insofar as is practicable, be equitably assessed and may be in the form of a surcharge to the existing charges of the municipality. The governing body of any municipality which receives a loan under K.S.A. 65-3321 through 65-3329, and amendments thereto, shall collect any charges established by the secretary and shall pay the moneys collected therefrom to the secretary in accordance with procedures established by the secretary.

~~(b) Upon the failure of a municipality to meet the repayment terms and conditions of the agreement, the secretary may order the treasurer of the county in which the municipality is located to pay to the secretary such portion of the municipality's share of the local ad valorem tax reduction fund as may be necessary to meet the terms of the agreement, notwithstanding the provisions of K.S.A. 79-2960 and 79-2961 and amendments thereto. Upon the issuance of such an order, the municipality shall not be required to make the tax levy reductions otherwise required by K.S.A. 79-2960 and 79-2961 and amendments thereto.~~

~~(c) Municipalities which that are provided with loans under K.S.A. 65-3321 through 65-3329, and amendments thereto, shall maintain project accounts in accordance with generally accepted government accounting standards.~~

~~(d)(c) Municipalities which that receive a grant and an allowance under the federal act with respect to project costs for which a loan was provided under K.S.A. 65-3321 through 65-3329, and amendments thereto, shall promptly repay such loan to the extent of the allowance received under the federal act.~~

~~(e)(d) Any loans received by a municipality under the provisions of K.S.A. 65-3321 through 65-3329, and amendments thereto, shall be construed to be bonds for the purposes of K.S.A. 10-1116 and 79-5028, and amendments thereto, and the amount of~~

such loans shall not be included within any limitation on the bonded indebtedness of the municipality.

Sec. 6. K.S.A. 2023 Supp. 74-8768 is hereby amended to read as follows: 74-8768.

(a) There is hereby created the expanded lottery act revenues fund in the state treasury. All expenditures and transfers from such fund shall be made in accordance with appropriation acts. All moneys credited to such fund shall be expended or transferred only for the purposes of reduction of state debt, state infrastructure improvements, the university engineering initiative act, ~~reduction of local ad valorem tax in the same manner as provided for allocation of amounts in the local ad valorem tax reduction fund~~ and reduction of the unfunded actuarial liability of the system attributable to the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, by the Kansas public employees retirement system.

(b) On July 1, 2021, July 1, 2022, July 1, 2023, July 1, 2024, July 1, 2025, July 1, 2026, July 1, 2027, July 1, 2028, July 1, 2029, July 1, 2030, and July 1, 2031, or as soon thereafter such date as moneys are available, the first \$10,500,000 credited to the expanded lottery act revenues fund shall be transferred by the director of accounts and reports from the expanded lottery act revenues fund in one or more substantially equal amounts, to each of the following: The Kan-grow engineering fund – KU, Kan-grow engineering fund – KSU and Kan-grow engineering fund – WSU. Each such special revenue fund shall receive \$3,500,000 annually in each of such years. Commencing in fiscal year 2014, after such transfer has been made, 50% of the remaining moneys credited to the fund shall be transferred on a quarterly basis by the director of accounts and reports from the fund to the Kansas public employees retirement system fund to be applied to reduce the unfunded actuarial liability of the system attributable to the state of Kansas and participating employers under K.S.A. 74-4931 et seq., and amendments thereto, until the system as a whole attains an 80% funding ratio as certified by the board of trustees of the Kansas public employees retirement system.

Sec. 7. K.S.A. 75-2556 is hereby amended to read as follows: 75-2556. (a) The state librarian shall determine the amount of the grant-in-aid each eligible local public library is to receive based on the latest population census figures as certified by the division of the budget.

(b) Except as provided by subsection (d), no local public library shall be eligible for any state grants-in-aid if the total amount of the following paragraphs is less than the total amount produced from such sources for the same library for the previous year, based on the information contained in the official annual budgets of municipalities that are filed with the division of accounts and reports in accordance with K.S.A. 79-2930, and amendments thereto:

(1) The amount produced by the local ad valorem tax levies for the current year expenses for such library;

~~(2) the amount of moneys received from the local ad valorem tax reduction fund for current year expenses for such library;~~

~~(3) the amount of moneys received from taxes levied upon motor vehicles under the provisions of K.S.A. 79-5101 et seq., and amendments thereto, for current year expenses for such library; and~~

~~(4)~~(3) the amount of moneys received in the current year from collections of unpaid local ad valorem tax levies for prior year expenses for such library.

(c) Local public library districts in which the assessed valuation decreases shall

remain eligible for state grants-in-aid so long as the ad valorem tax mill rate for the support of such library has not been reduced below the mill rate imposed for such purpose for the previous year.

(d) If a local public library fails to qualify for eligibility for any state grants-in-aid under subsection (b), the state librarian shall have the power to continue the eligibility of a local public library for any state grants-in-aid if the state librarian, after evaluation of all the circumstances, determines that the legislative intent for maintenance of local tax levy support for the on-going operations of the library is being met by the library district.

(e) The distribution so determined shall be apportioned and paid on February 15 of each year.":

Also on page 1, in line 10, by striking "2023" and inserting "2024";

On page 2, in line 16, by striking "2024" and inserting "2025"; in line 19, by striking "2025" and inserting "2026"; in line 26, by striking "2023" and inserting "2024";

On page 4, in line 41, by striking "2024" and inserting "2025";

On page 5, in line 1, by striking "2025" and inserting "2026"; in line 18, by striking "2023" and inserting "2003"; in line 42, by striking "2024" and inserting "2025"; following line 42, by inserting:

"Sec. 13. K.S.A. 79-1479 is hereby amended to read as follows: 79-1479. (a) On or before January 15, 1992, and quarterly thereafter, the county or district appraiser shall submit to the director of property valuation a progress report indicating actions taken during the preceding quarter calendar year to implement the appraisal of property in the county or district. Whenever the director of property valuation shall determine that any county has failed, neglected or refused to properly provide for the appraisal of property or the updating of the appraisals on an annual basis in substantial compliance with the provisions of law and the guidelines and timetables prescribed by the director, the director shall file with the state board of tax appeals a complaint stating the facts upon which the director has made the determination of noncompliance as provided by K.S.A. 79-1413a, and amendments thereto. If, as a result of such proceeding, the state board of tax appeals finds that the county is not in substantial compliance with the provisions of law and the guidelines and timetables of the director of property valuation providing for the appraisal of all property in the county or the updating of the appraisals on an annual basis, it shall order the immediate assumption of the duties of the office of county appraiser by the director of the division of property valuation until such time as the director of property valuation determines that the county is in substantial compliance with the provisions of law. ~~In addition, the board shall order the state treasurer to withhold all or a portion of the county's entitlement to moneys from either or both of the local ad valorem tax reduction fund and the city and county revenue sharing fund for the year following the year in which the order is issued.~~ Upon service of any such order on the board of county commissioners, the appraiser shall immediately deliver to the director of property valuation, or the director's designee, all books, records and papers pertaining to the appraiser's office.

Any county for which the director of the division of property valuation is ordered by the state board of tax appeals to assume the responsibility and duties of the office of county appraiser shall reimburse the state for the actual costs incurred by the director of the division of property valuation in the assumption and carrying out of such responsibility and duties, including any contracting costs in the event it is necessary for

the director of property valuation to contract with private appraisal firms to carry out such responsibilities and duties.

(b) On or before June 1 of each year, the director of property valuation shall review the appraisal of property in each county or district to determine if property within the county or district is being appraised or valued in accordance with the requirements of law. If the director determines the property in any county or district is not being appraised in accordance with the requirements of law, the director of property valuation shall notify the county or district appraiser and the board of county commissioners of any county or counties affected that the county has 30 days within which to submit to the director a plan for bringing the appraisal of property within the county into compliance.

If a plan is submitted and approved by the director the county or district shall proceed to implement the plan as submitted. The director shall continue to monitor the program to insure that the plan is implemented as submitted. If no plan is submitted or if the director does not approve the plan, the director shall petition the state board of tax appeals for a review of the plan or, if no plan is submitted, for authority for the division of property valuation to assume control of the appraisal program of the county and to proceed to bring the same into compliance with the requirements of law.

If the state board of tax appeals approves the plan, the county or district appraiser shall proceed to implement the plan as submitted. If no plan has been submitted or the plan submitted is not approved, the board shall fix a time within which the county may submit a plan or an amended plan for approval. If no plan is submitted and approved within the time prescribed by the board, the board shall order the division of property valuation to assume control of the appraisal program of the county ~~and shall certify its order to the state treasurer who shall withhold distributions of the county's share of moneys from the county and city revenue sharing fund and the local ad valorem tax reduction fund and credit the same to the general fund of the state for the year following the year in which the board's order is made.~~ The director of property valuation shall certify the amount of the cost incurred by the division in bringing the program in compliance to the state board of tax appeals. The board shall order the county commissioners to reimburse the state for such costs.

(c) The state board of tax appeals shall within 60 days after the publication of the Kansas assessment/sales ratio study review such publication to determine county compliance with K.S.A. 79-1439, and amendments thereto. If in the determination of the board one or more counties are not in substantial compliance and the director of property valuation has not acted under subsection (b), the board shall order the director of property valuation to take such corrective action as is necessary or to show cause for noncompliance.";

Also on page 5, in line 43, after "K.S.A." by inserting "19-2694, 65-163j, 65-3306, 65-3327, 75-2556,"; also in line 43, by striking "and" and inserting a comma; also in line 43, after "76-6b11" by inserting ", 79-1479, 79-2960, 79-2961, 79-2962, 79-2965, 79-2966 and 79-2967 and K.S.A. 2023 Supp. 74-8768, 79-2959, 79-2964 and 79-3425i";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "property"; also in line 1, by striking "relating to tax levies"; in line 2, after "state" by inserting "property"; in line 4, after the semicolon by inserting "eliminating the local ad valorem tax reduction fund and the

county and city revenue sharing fund and discontinuing certain transfers to the special city and county highway fund;"; also in line 4, after "K.S.A." by inserting "65-163j, 65-3306, 65-3327, 75-2556,"; in line 5, by striking the first "and" and inserting a comma; also in line 5, after "76-6b11" by inserting "and 79-1479 and K.S.A. 2023 Supp. 74-8768"; also in line 5, after "sections" by inserting "; also repealing K.S.A. 19-2694, 79-2960, 79-2961, 79-2962, 79-2965, 79-2966 and 79-2967 and K.S.A. 2023 Supp. 79-2959, 79-2964 and 79-3425i"; and the bill be passed as amended.

SB 509 be amended on page 1, in line 19, after "(b)" by inserting "For tax year 2024, the total amount of credits allowed under this section shall not exceed \$75,000,000. For tax year 2025, and each tax year thereafter, the maximum total amount of credits allowed under this section shall be the same amount as the prior tax year, except that for any tax year when the annual tax credit amount that was used for the prior tax year was equal to or greater than 90% of the maximum total amount of credits allowed for such prior tax year, the maximum total amount of credits shall increase by 25%. The department of revenue shall publish on its website information identifying such increases in the maximum total amount of tax credits.

(c)";

Also on page 1, following line 25 by inserting:

"(e) A taxpayer shall not be eligible to claim the education opportunity tax credit for a dependent child for a tax year in which such dependent child received a scholarship pursuant to the tax credit for low income students scholarship program act, K.S.A. 72-4351 et seq., and amendments thereto.";

On page 2, in line 5, after the first "the" by inserting "public school"; in line 15, after the period by inserting "Any person who receives the education opportunity tax credit and does not send their child to a private school as described in subsection (a) shall be subject to a civil penalty in an amount computed in the manner prescribed in K.S.A. 79-3228, and amendments thereto."

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly; and the bill be passed as amended.

Committee on **Financial Institutions and Insurance** recommends **HB 2561** be passed.

Committee on **Local Government** recommends **SB 510** be amended on page 2, in line 9, by striking "10" and inserting "30"; and the bill be passed as amended.

Committee on **Transportation** recommends **HB 2682** be passed and, because the committee is of the opinion that the bill is of a noncontroversial nature, be placed on the consent calendar.

REPORT ON ENROLLED BILLS AND RESOLUTIONS

SB 195 reported correctly enrolled, properly signed and presented to the Governor on March 12, 2024.

On motion of Senator Alley, the Senate adjourned until 1:00 p.m., Wednesday, March 13, 2024.

CHARLENE BAILEY, CINDY SHEPARD, *Journal Clerks.*

COREY CARNAHAN, *Secretary of the Senate.*

