



2007 LEGISLATIVE HIGHLIGHTS

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AGRICULTURE AND NATURAL RESOURCES

National Bio and Agro Defense Facility

SB 252 conveys 59.3 acres adjacent to Kansas State University to the United States Department of Homeland Security contingent upon the Department of Homeland Security selecting this tract as the location of the National Bio and Agro Defense Facility (NBAF).

HB 2303 enacts the Kansas National Bio and Agro Defense Facility Interagency Working Group Act. The working group is to support and assist the Department of Homeland Security in conducting an environmental impact statement on any site in Kansas for the NBAF. The Secretary of Health and Environment will serve as the chairperson of the working group.

HCR 5009 pledges the Legislature's support for the NBAF and urges various federal agencies, the President, and the Kansas congressional delegation to consider two sites in Kansas as the location for the new NABF.

E85 Vehicles

SB 262 requires state agencies to purchase motor vehicles which utilize E85 fuel unless the manufacturer of the model to be purchased does not offer the model with an engine that utilizes

E85 fuels or the cost of the vehicle is \$250 or more than the cost of the vehicle model that does not utilize E85. This provision will not apply to the purchase of diesel fueled vehicles, vehicles purchased in conformity with federal requirements, or vehicles purchased for the Kansas Highway Patrol. A state agency may purchase a motor vehicle which utilizes E85 fuels even though the cost is \$250 or more than the cost of a vehicle that does not utilize E85 under certain circumstances. The bill also requires that when a state agency leases a motor vehicle, it should lease one that utilizes E85 fuels.

Carbon Dioxide Reduction Act

HB 2419 creates the Carbon Dioxide Reduction Act to provide tax incentives for the sequestration of carbon dioxide through underground storage. The Act also provides for Kansas Corporation Commission regulation of underground carbon dioxide facilities. The bill creates tax incentives by exempting from property tax any carbon dioxide capture, sequestration, and utilization property and any electric generation unit which captures and sequesters carbon dioxide and other emissions. The exemption is available for five taxable years. The bill also provides for accelerated depreciation of carbon dioxide capture, sequestration, or utilization machinery and equipment. The accelerated depreciation is available beginning with tax year 2008.

Big Game and Wild Turkey Permits

Senate Sub. for HB 2437 creates new provisions of law and deletes prior provisions dealing with the issuance of big game and wild turkey permits. The bill allows members of a landowner's or tenant's immediate family, who are domiciled with the landowner or tenant, to apply for resident big game permits as landowners or tenants. The total number of landowner or tenant regular hunt-on-your-own-land permits for each big game species may not exceed one permit for each 80 acres owned by the landowner or operated by the tenant. New language

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allows the issuance of special hunt-on-your-own-land deer permits to a landowner's or tenant's siblings and lineal ascendants or descendants and their spouses, whether or not a Kansas resident. The Secretary of the Kansas Department of Wildlife and Parks is allowed to issue resident deer hunting permits available on a limited basis and valid for a designated species and sex in designated units, as well as antlerless-only deer permits in designated units, with specified options. The bill provides that the Secretary may issue deer hunting permits to nonresidents, subject to certain limitations. Prior law dealing with the number of permits and the establishment of archery management units for deer was repealed. The bill permits the Secretary to require any big game permittee to provide survey information at the conclusion of the open season and to retain the carcass tag.

The bill establishes a maximum fee for a nonresident mule deer stamp at \$150 and deletes maximum fees for resident big game tags and nonresident big game tags. With regard to wild turkey, a permittee may be required to provide survey information and to affix a wild turkey game tag to the carcass. Language authorizing the issuance of a turkey permit to nonresidents and the issuance of a permit to a person under 12 years of age is repealed; but rule and regulation authority would be available to provide for such permits. The bill establishes the fee for a big game or wild turkey hunting permit for a resident under 16 years of age as an amount equal to one-half the fee for a general resident big game or wild turkey hunting permit.

Ammonium Nitrate Dealers

HB 2487 requires the registration of ammonium nitrate dealers with the Secretary of Agriculture, with a registration fee not to exceed \$25 per year. Custom blenders of fertilizer

who also are ammonium nitrate dealers are exempt from the fee. Ammonium nitrate storage is to be secured to provide reasonable protection against vandalism, theft, and unauthorized access. The bill requires ammonium nitrate dealers to obtain certain information regarding any sale of ammonium nitrate. Authority is given to ammonium nitrate dealers to refuse to sell to any person.

Mercury Deposition Monitoring

HB 2526 requires the Secretary of the Kansas Department of Health and Environment to establish a statewide network to measure mercury deposition. The network must consist of at least six sites where samples and related data are collected. At least two of the sites must be positioned to measure deposition of mercury from the direction of prevailing winds. At the start of the 2009 Legislative Session and annually thereafter, the Secretary is required to submit summary monitoring reports to the Governor and to the leadership of certain House and Senate Committees.

DISASTER RELIEF

Disaster Relief

Senate Sub. for HB 2540 provides a sales tax exemption relative to certain purchases incurred in the reconstruction of business facilities located in Kiowa County that were damaged by severe weather. Project exemption certificates must be obtained prior to June 30, 2008. A new business restoration assistance grant program for counties with at least 25 percent of their tax base destroyed as a result of a natural disaster on May 4 is enacted. The State Finance Council also is granted new authority, upon unanimous vote, to approve the transfer of up to an additional \$25 million from the State General Fund or any special revenue fund to the State Emergency Fund to fund weather-related disaster emergencies. This authority sunsets on January 14, 2008. Finally, the State

Finance Council is given authority, upon unanimous vote, to extend beyond October 31, 2007, up to January 14, 2008, the disaster declaration relative to Kiowa County.

HCR 5025 extends the state of disaster emergency declaration for Kiowa County until October 31, 2007.

ECONOMIC DEVELOPMENT

Sales Tax and Revenue (STAR) Bonds Act; Tax Increment Financing (TIF) Act

HB 2005, among other things, places the statutes for sales tax and revenue (STAR) bonds and tax increment financing (TIF) in separate statutes.

STAR Bonds

The bill removes the provisions that allow for a bioscience development district and project with approval of the Kansas Bioscience Authority; allows counties to initiate STAR bond applications and projects when the project is wholly outside the boundaries of a city; requires any city or county to pledge 100 percent of the incremental revenue received by the city or county from any local sales and use taxes and allows the Secretary of Commerce discretion to allow the use of state and local transient guest and use tax increments or franchise fees collected from utilities and other businesses using public rights-of-way within the project district to be pledged for principal and interest repayment of the bonds. The bill allows the City of Manhattan Discovery Center STAR bond project and the Wyandotte County Schlitterbahn STAR bond project to have the provisions of this Act applicable to such redevelopment project by the passage of an ordinance. In addition, the bill extends the STAR bond statutes until July 1, 2012. A STAR bond project is limited to no

more than 50 percent of the financing of the total project costs. The STAR bond financing could only be used for allowable project costs. Finally, the bill allows the Major Motorsports Complex in Shawnee County to issue full bonds for STAR bond projects and requires that the Secretary of Commerce not approve any application for STAR bond project financing which is submitted by a city or county more than one year after the STAR bond project district in which the STAR bond project is located has been established.

TIF Financing

With regard to the TIF provisions, the bill adds intermodal transportation areas to the list of eligible areas to be developed primarily to handle freight through railway and trucking operations. The bill permits redevelopment project costs for an intermodal transportation area to include the acquisition of land for, and the construction and installation of, publicly-owned infrastructure improvements which serve an intermodal transportation area but may be located outside of the district. Project costs are amended by adding an incubator project, multi-level parking facilities, major multi-sport athletic complex and museum facility. The bill amends the county's and the local school board's authority to prevent a TIF bond project by stating that the provisions that allow a county or school district to stop a project would not apply if the redevelopment project plan or the bioscience development project plan provides that ad valorem property tax revenues of the county or the school district levying taxes would not be adversely impacted. Finally, the bill allows any city that created a redevelopment district or a bioscience development district prior to the effective date of the Act could, by ordinance, elect to have the provisions of this Act applicable to the

redevelopment district or bioscience development district.

EDUCATION

Nonproficient Weighting; Bullying

SB 68 removes the sunset date on the nonproficient weighting within the school finance formula. The bill also requires school district boards to adopt policies prohibiting bullying on school property, in school vehicles, or at school-sponsored activities. The bill also allows school districts experiencing disasters which cause the district to be unable to participate in state assessment tests to continue to receive the nonproficient student weighting equal to the amount received in the prior year.

Second Count Date for Certain School Districts

HB 2159 allows school districts to conduct a second count of students on February 20, 2008, and February 20, 2009. This second count is permitted for students who are dependents of full-time active members of the military service or dependents of the military reserve who have been ordered to active duty for at least 30 consecutive days. This enrollment count is the basis for calculating districts' state aid.

Regents Deferred Maintenance

Sub. for Senate Sub. for HB 2237 creates the State Educational Institution Long-Term Infrastructure Maintenance Program and provides an additional \$309.8 million in resources for the Regents' universities, Washburn University, community colleges, and technical colleges over the next five years for infrastructure maintenance. The funding includes an ongoing transfer of funds beginning in FY 2008 with \$30.0 million from the Statewide Maintenance and Disaster

Relief Fund and ending in FY 2012 with a transfer of \$10.0 million from the State General Fund, for transfers totaling \$90.0 million, including \$47.0 million from the State General Fund over the five-year period for the Regents' universities. The legislation also authorizes \$100.0 million in bonds (\$20.0 million each fiscal year) beginning in FY 2008, to be requested by the Board of Regents from the Kansas Development Finance Authority for Washburn University, the community colleges, and technical colleges. The principal and interest for the bonds will be paid from the State General Fund, with the institutions reimbursing the State General Fund for the principal portion of the payments each year. The bonds will be let as 8-year bonds, with a cap of \$15.0 million in bonds per institution over the five-year period. Bond payments will begin after July 1, 2008.

New tax credits are authorized effective for tax years 2008-2012 for contributions earmarked for deferred maintenance at Regents institutions and Washburn University; certain capital improvements at community colleges; and deferred maintenance and certain technology or equipment at technical colleges. The amount of the credits will be equivalent to 50 percent of qualifying contributions for postsecondary institutions; and 60 percent of qualifying contributions for community and technical colleges. The postsecondary credits will be non-refundable but may be carried forward for up to three years. The community and technical college credits are refundable. All credits will be transferrable to other taxpayers. Additional provisions set specific annual limits for the amount of tax credits. The final funding component for the Infrastructure Maintenance Program is the dedication of retained interest from student tuition payments, restricted fee payments, and sponsored research overhead dollars, approximately \$8.5 million annually, to deferred maintenance. Projects may

include not only utility systems, but other infrastructure projects as well. Expenditures of new funding at the universities cannot be made before the Joint Committee on State Building Construction has reviewed the projects. New funding for Washburn University, the community colleges and technical colleges is exempt from this requirement. Private funds leveraged with the tax credits cannot be used for bond payments for any bonds other than those authorized.

New accountability and review measures include funding for the maintenance of new privately-financed buildings; taking obsolete facilities out of service; requiring the Joint Committee on State Building Construction to advise and consult with the Board of Regents on all state universities' deferred maintenance projects before new funds can be released for expenditure; and requiring the Board of Regents to submit to certain legislative committees and the Governor a quarterly progress report; a biannual "Inventory of Physical Facilities and Space Utilization"; and a biannual "Report on State University Deferred and Annual Maintenance." The Joint Committee on State Building Construction is to develop a long-term plan for the Regents deferred maintenance projects to be presented to the 2008 Legislature.

School District Finance and Quality Performance Act

HB 2310 makes changes to the School District Finance and Quality Performance Act regarding requirements related to school districts qualifying for the cost-of-living or declining enrollment weightings. The bill changes the requirements to qualify for these weightings. Any school district which meets the other statutory requirements may access

the weightings if the district has adopted a local option budget in an amount equal to at least 31 percent of the state finance aid for the school district. The bill allows those districts which had levied a tax for such purposes in school year 2006 - 2007 to continue to levy a tax at a rate that would generate the same amount of revenue as was generated in school year 2006 - 2007, as long as the district adopts a local option budget (LOB) in an amount which equals or exceeds the amount of LOB adopted in school year 2006 - 2007.

Postsecondary Education

Senate Sub. for HB 2556 establishes the Kansas Technical College and Technical School Commission (Commission) and the Postsecondary Technical Education Authority (Authority). The ten-member Commission is to study and conduct hearings on the governance, funding, and mission of Kansas technical colleges and technical schools. The Commission is required to submit reports to the Legislative Educational Planning Committee with a preliminary report by November 15, 2007. The Commission expires on December 31, 2008. The Authority is composed of 12 members representing the State Board of Regents, a community college providing technical education, a technical college, Kansas business and industry, and the general public. Ex-officio members include the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor. The Authority operates under delegated authority of the State Board of Regents. The Authority has the responsibility to coordinate statewide planning for postsecondary technical education, new postsecondary technical education programs, and contract training for employers.



Campaign Finance and Elections

Senate Sub. for HB 2081: (1) defines as a class C misdemeanor crime any paid campaign advertisement made by telephonic means which expressly advocates the nomination, election or defeat of a clearly identified candidate for state or local office when the advertisement is not followed by a statement indicating who paid for or sponsored the ad; (2) prohibits legislators and others from soliciting contributions during the Legislative Session, by limiting the prohibition to "knowingly" soliciting such contributions; (3) changes the time frame for the county counselor, county attorney, or district attorney to furnish a written opinion regarding a petition from five calendar days to five business days regarding various election petitions required or authorized as part of a procedure applicable to the state, any legislative district, or any of several local governments; (4) amends the recall law to clarify the time frame when mandamus or injunction proceedings must be brought to "within" 30 days of the completion of the review of the adequacy of the recall petition; (5) changes existing law regarding poll workers and election boards by permitting a county election officer to allocate staffing resources; (6) allows campaign finance reports filed after January 10, 2008, to be filed electronically with the Secretary of State; (7) allows the candidate to sign a campaign finance report, in lieu of the treasurer; (8) increases the threshold amount from \$50 to \$100 for reporting in-kind contributions, or instances when an individual has paid for personal services provided without charge to a candidate, a candidate committee, party committee, or political committee; and (9) updates statutes governing the requirements and certification of optical scanning

and direct recording of electronic voting systems.

Election-Related Issues

HB 2128: (1) revises the formula to determine whether a write-in candidate's name is printed on the general election ballot after a primary election by requiring a write-in candidate receive votes in the primary election equal to 5 percent of the current voter registration in the state, county, or district; (2) requires the written appointment of an authorized poll agent be filed with the county election officer, and requires a copy to be carried while on duty; (3) establishes qualifications for authorized poll agents, who are appointed to serve as such; (4) requires an authorized poll agent to wear a badge containing specified information; (5) amends statutory language in order to conform with the definition of "corrupt political advertising" in the campaign finance statute; (6) revises the language contained in the Campaign Finance Act regarding brochure publications aimed at express advocacy for or against a clearly identified candidate for state or local office to require a statement providing the name of the sponsoring organization; and (7) creates the new crime of advance voting suppression, a level 9, nonperson felony.

FINANCIAL INSTITUTIONS AND INSURANCE

Bank Branching

SB 137 enacts new law to prohibit banks from establishing a branch bank at the premises or property where an affiliate of the bank engages in commercial activities.

Service Members' Protections

Sub. for HB 2108 (and technical correction, **Sub. for SB 208**) gives the Insurance Commissioner the authority

to adopt rules and regulations to protect U.S. military service members from dishonest and predatory lending practices by identifying and declaring certain practices to be false, misleading, deceptive, or unfair.

GAMING

Kansas Expanded Lottery Act

SB 66 creates the Kansas Expanded Lottery Act which authorizes the following four gaming zones (casinos): Northeast Kansas Gaming Zone (Wyandotte County); Southeast Kansas Gaming Zone (Crawford and Cherokee counties); South Central Kansas Gaming Zone (Sedgwick and Sumner counties); and Southwest Kansas Gaming Zone (Ford County); as well as electronic gaming machines at parimutuel licensee locations.

The Kansas Lottery Commission is responsible for ultimate ownership and operational control of the Act. The Kansas Racing and Gaming Commission (KRGC) is responsible for oversight and regulation of lottery gaming facility operations and parimutuel facilities. The Kansas Lottery and the KRGC are granted rule and regulation authority to provide for implementation, administration, and enforcement provisions. The Kansas Lottery is abolished on July 1, 2022.

The Lottery Gaming Facilities' contracts approved by the Kansas Lottery, Lottery Gaming Facility Review Board, and the KRGC will: (1) require an investment in infrastructure of at least \$225 million in the northeast, southeast, or south central gaming zones, and \$50 million in the southwest gaming zone; (2) establish a gaming privilege fee to the State of \$25 million to be paid by the prospective lottery gaming manager, except the privilege fee for the southwest gaming facility zone manager would be \$5.5 million; and (3)

establish the disposition of revenues to the state (22%), the Problem Gambling and Addictions Fund (2.0%), cities (1.5%), the host counties (1.5-3.0%), and nonhost counties (1.0-1.5%).

The bill creates a seven-member gubernatorial and legislative appointed Lottery Gaming Facility Review Board, which is responsible for selection of a lottery gaming facility management contract that best maximizes revenue, encourages tourism, and serves the best interest of Kansas.

A county vote would be required to approve or disapprove the gaming facility and racetrack gaming facilities' contracts.

The racetrack gaming facility management contracts will: (1) authorize a state maximum of 2,800 electronic gaming machines; (2) establish the number of live greyhound and horse races to be conducted at each parimutuel track prior to placement of electronic gaming machines; and (3) establish the distribution of electronic gaming revenue to the racetrack gaming facility manager (25%); Live Greyhound Racing Purse Supplement Fund (7.0%); Live Horse Racing Purse Supplement Fund (7.0%); the cities (1.5%); counties (1.5-3.0%); the Problem Gambling and Addictions Grant Fund (2.0%); the Kansas Horse Fair Racing Benefit Fund (1.0%); the State (40%); and expenses (15%).

The bill requires payout of at least 87 percent of the amount wagered per machine, and racetrack gaming facility managers are required to pay a privilege fee of \$2,500 per machine to the State.

Enforcement provisions include prohibiting the State, until July 1, 2032, from entering into management contracts with more than four lottery gaming facilities, from designating additional areas where the operation of lottery facilities could be authorized,

and from operating an aggregate of more than 2,800 electronic gaming machines at parimutuel tracks.

Any action challenging the constitutionality or otherwise arising out of the Act is to be brought in the District Court of Shawnee County. The final decision of the District Court would be appealed to the Kansas Supreme Court.

Expanded Lottery Implementation

House Sub. for SB 357 includes financing and staffing to implement SB 66, the Kansas Expanded Lottery Act. Startup loan financing of up to \$3.0 million is authorized from the Pooled Money Investment Board (PMIB). Any loan is to be repaid no later than June 30, 2009, with interest computed at the average rate for the PMIB investments plus an additional 3.0 percent. SB 357 authorizes expenditures from a number of statutory funds established in SB 66 for the Kansas Lottery and the Kansas Racing and Gaming Commission. The Kansas Racing and Gaming Commission is authorized to establish the Expanded Lottery Act Regulation Division with 25.0 FTE positions in FY 2008.



Health Policy and Reform Initiatives

House Sub. for SB 11 directs the Kansas Health Policy Authority to consider options for reform of the Kansas Medicaid program in order to achieve specified outcomes. The Authority is directed to develop health care finance reform options for enactment by the 2008 Legislature. The options are to increase access to affordable health insurance and promote health. Measures to be developed for legislative consideration in 2008 are: financing health care in a manner that is equitable, seamless, and sustainable; promoting market-based

solutions encouraging individual and fiscal responsibility; protecting the health safety net; and facilitating the purchase of and access to health insurance by small businesses and individuals. The Authority is to determine the economic impact; the number of uninsured with the potential to receive coverage; the potential for public funding resources; and the use of reinsurance and subsidies as a way to reduce premium volatility in the small group market, increase the predictability of premium trends, lower costs, and increase coverage. The Kansas Insurance Department is directed to study possible policy changes to make health insurance more affordable, and a legislative study committee is to study options for tax credits and benefits for long-term care insurance, health earned income tax credits, health insurance, and health savings accounts.

The bill creates a phased-in premium assistance plan to assist eligible low-income Kansans with the purchase of private health insurance with eligibility in the first two years directed to families with incomes at or under 50 percent of the federal poverty guidelines (increases to 75 and 100 percent of the poverty guidelines in the third and fourth years). A Primary Care Safety Net Clinic Capital Loan Guarantee Act is created to provide loan guarantees against risk of default to facilitate financing for acquisition and modernization of primary care safety net clinics and refinancing of clinic capital improvements and equipment. A third initiative is a Small Employer Cafeteria Plan Development Program which will make grants available to encourage and expand the use of cafeteria benefit plans (Section 125 plans) by employers having 50 or fewer employees. A fourth initiative authorizes the Secretary of Commerce to make grants or no-interest loans for financing the initial costs of forming and organizing associations (small

business or an organization of persons with common interest) to assist in obtaining access to health care plans.

The bill creates an Office of Inspector General within the Kansas Health Policy Authority to oversee, audit, investigate, and conduct performance reviews of medical assistance programs administered by the agency; expands the newborn screening program to include testing for specified, treatable disorders; amends and names the Physical Therapy Practice Act to allow licensees to initiate treatment in specified circumstances without prior approval of a person licensed to practice medicine and surgery or other health care provider permitted to authorize physical therapy; gives new authority for the use of confidential data in the cancer registry in limited circumstances; creates a new Umbilical Cord Donation Information Act; authorizes recognition of licenses issued by other jurisdictions for the purpose of receiving a Kansas adult care home administrator license if specified criteria are met by the applicant for licensure; conforms Kansas law with federal law for the purpose of setting out the liability of third parties responsible for payment of a claim for health care items or services; amends the Pharmacy Act to create new requirements to be met by wholesale drug registrants and to separate registration requirements for wholesale drug registrants from registration for durable medical equipment distributors and allow additional persons to administer vaccines under the direct supervision of a licensed pharmacist; and provides for an informal dispute resolution procedure for disputes over deficiencies cited in inspections of adult care homes and special hospitals for compliance with federal requirements by the State Fire Marshal acting on behalf of the Centers for Medicare and Medicaid Services.

Reentry and Recodification

House Sub. for SB 14 enacts a new grant program to encourage community corrections programs to reduce revocation rates by at least 20 percent; grants eligible inmates the ability to earn 60 days of good time credit on a one-time basis upon program completion; provides for good time credits for inmates convicted of a drug severity level 3 or 4 crime or a nondrug severity level 7 through 10 crime to be increased from the current 15 percent to 20 percent; allows the Kansas Department of Corrections to grant financial aid to counties to defray all or part of the expenses of corrections advisory board members in carrying out official duties; grants the Secretary of Corrections authority to disburse a reasonable amount of money earned by an inmate to pay restitution, costs, fines, and fees; and establishes the Kansas Criminal Code Recodification Commission.

Uniform Child Abduction Prevention Act

SB 18 enacts the Uniform Child Abduction Prevention Act and provides courts with guidelines to follow during custody disputes and divorce proceedings, helps courts identify families at risk for abduction, and provides measures to prevent the abduction of children where the evidence establishes a credible risk that a child may be abducted.

Speeding and Driving Under the Influence

House Sub. for SB 35 clarifies when a violation of speeding is not reported by the Division of Motor Vehicles and when it is not a moving traffic violation; amends the law regarding driving under the influence (DUI) of alcohol or drugs; and clarifies how time

is computed to determine if a request for an administrative hearing under the implied consent advisory law is timely filed with the Kansas Department of Revenue.

Sexually Violent Predators

SB 52 outlines the rights and rules of conduct for sexually violent predators while committed to a treatment facility and clarifies the allocation of cost for a procedure to determine whether a person is a sexually violent predator.

Miscellaneous Crimes

SB 166 expands the list of sex offenses that would qualify a second-time sex offender for a “hard 40” sentence; authorizes discharge of an offender from the Juvenile Justice Authority’s custody for a new conviction while incarcerated in a juvenile correctional facility; repeals the sunset provision of the statute regarding the arrest powers of federal law enforcement officers; repeals certain crimes and updates penalties in specified crimes; and amends the crime of unlawfully hosting a minor to change the statutory language from “persons under the age of 18” to “a minor.”

Kansas Offender Registration Act

SB 204 amends the Kansas Offender Registration Act by expanding the list of offenders who are required to register pursuant to the Act and amending the requirements for registration.

Volunteers, Teachers, and Mistreatment Of Dependent Adult

SB 324 amends the crime of unlawful sexual relations with a person not married to the offender by adding volunteers of the Department of Corrections and contractors of services within the Department of Corrections, including parole officers, to the list of

offenders who engage in illegal acts enumerated in the law. The bill also clarifies that the definition of teacher includes those listed professional school employees of any grades kindergarten through 12. The bill amends the provision of law regarding mistreatment of a dependent adult so that taking unfair advantage of a dependent adult’s financial resources in the amount of \$100,000 or more is a severity level 6, person felony. If the amount involved is at least \$25,000 but less than \$100,000, the penalty is a severity level 7, person felony.

Office of Administrative Hearings

SB 351 requires all agencies, boards, and commissions to utilize the Office of Administrative Hearings (OAH) for hearings held in accordance with the Kansas Administrative Procedure Act (KAPA) on and after July 1, 2009. The bill also requires the Director of OAH to designate a qualified presiding officer from another agency if OAH cannot furnish one of its presiding officers within 60 days of an agency’s request for hearing and provides that agencies coming under KAPA in 2009 transfer presiding officers and support personnel to OAH.

Revised Uniform Anatomical Gift Act

HB 2010 enacts the Revised Uniform Anatomical Gift Act to replace the Kansas Uniform Anatomical Gift Act of 1968, enacted in 1969.

Crimes and Criminal Statutory Amendments, Including Alexa’s Law and the Matt Samuels Chemical Control Act

HB 2062 amends the statute on criminal use of explosives; creates a special application in sentencing for a third or subsequent conviction of burglary; enacts Alexa’s Law dealing with crimes against unborn children; and amends the

statute on immunity from prosecution or liability for use of force. In addition, the bill enacts new criminal provisions regarding controlled substances and paraphernalia; authorizes creation of the Controlled Substances Monitoring Task Force; enacts the Matt Samuels Chemical Control Act regarding the responsibilities of pharmacists in the sale or acquisition of ephedrine or pseudoephedrine; and expands the law regarding battery against a mental health employee.

Kansas Consumer Protection Act

Senate Sub. for Sub. for HB 2451 amends the Kansas Consumer Protection Act (KCPA) regarding health care providers. Under the bill, the KCPA does not provide a private cause of action or remedy against a licensed health care provider for personal injury or death resulting, or alleged to have resulted from medical negligence. Health care provider is defined in existing law and has the same meaning in this bill.



LOCAL GOVERNMENT

Code Courts, Codes and Annexation

HB 2058 allows any county to enforce county codes and resolutions in a special code court docket in the district court. If any of the counties currently authorized to have code courts (Crawford, Douglas, Franklin, Jefferson, Johnson, Miami, Riley, Sedgwick, Shawnee, and Wyandotte Counties), has not enacted a code court by July 1, 2007, any action to enact a code court would be subject to a protest petition election. Any remaining county also would be able to enact a code court, but such action also would be subject to a protest petition election. The bill also reduces the number of official copies of any code incorporated by county resolution or city ordinance required to be kept by the governmental entity. Finally, the

bill prohibits a city from annexing land owned by a county except by express permission of the board of county commissioners.



RETIREMENT

Retirement and Other Matters

SB 362 modifies the retirement plan for current and future members of the Kansas Public Employees Retirement System (KPERs) and provides certain benefit enhancements for current and retired KPERs members. For future KPERs members, the new retirement plan includes state, school, and local employees first hired on or after July 1, 2009. Many characteristics of the current KPERs plan are retained, but modifications include addition of a 2.0 percent cost-of-living adjustment after retirement with a 2.0 percent employee contribution to help finance the cost, elimination of the 85 point rule for early retirement, first day membership, and five-year vesting. Fiscal Note: For employer contributions, \$2.6 billion state savings and \$1.0 billion local savings over 25 years. For current members, the group includes those first employed before July 1, 2009. Modifications include first day membership on July 1, 2009, for anyone in the year of waiting and five-year vesting. For retired members, the group includes those who retired or became disabled prior to July 1, 1997, and who had at least 10 years of service credit prior to retiring. A \$300 one-time bonus will be paid on October 1, 2007 to those eligible, including surviving beneficiaries. Fiscal Note: For payments, \$7.0 million state, \$2.1 million local, and \$249,000 disability fund.

HB 2457 makes other changes in the KPERs statutes that: Ensures that partial lump sum distributions, and any investment earnings on those distributions, if rollovers from KPERs are placed in other tax sheltered

investments, shall retain their state tax exempt status after being placed in qualified retirement accounts. Fiscal Note: Future state tax savings of \$105.0 million over 20 years. Prohibits the investment of funds by KPERs in certain companies with business operations in Sudan. Permits purchase of service credit for breaks in KPERs covered service due to serving in peace-keeping missions of the United Nations and allows certain Tier I members of the Kansas Police and Fireman's Retirement System with 21 or more years of service, who are disabled and who have adult children, to have retirement benefits calculated in the same manner as disabled members without children.

HB 2385 transfers administration of the Kansas Public Employees Deferred Compensation Plan to KPERs on January 1, 2008. The KPERs Board of Trustees is assigned responsibility to administer the plan. The Director of Accounts and Reports retains responsibility for payroll deferrals and deductions for state employees who participate in the plan. The Administrative Oversight Committee on Deferred Compensation is abolished and the KPERs Board of Trustees assumes the responsibilities of monitoring the plan.



STATE FINANCE

FY 2007 and FY 2008 State Budget (HB 2368; House Sub. for SB 357)

FY 2007. The approved amount for FY 2007 increases amounts approved by the 2006 Legislature by \$116.5 million (2.1 percent) from the State General Fund and \$537.2 million (4.5 percent) from all funding sources. Most of the State General Fund increase is reflected in the budgets of the Department of Social and Rehabilitation Services and the Health Policy Authority

(\$95.1 million, primarily for caseload increases), and the Department of Education (\$12.5 million, primarily for increased school finance estimates). The increases in expenditures from all funding sources are largely reflected in the budgets of the Department of Transportation (\$401.8 million, primarily in capital improvement projects carried forward from FY 2006), and the Board of Regents and the Regents institutions (\$88.4 million, mostly in increased tuition revenue and research funding). Approved FY 2007 State General Fund expenditures total \$5.633 billion, \$7.9 million below the amount recommended by the Governor. Approved expenditures from all funding sources total \$12.428 billion, \$0.6 million below the amount recommended by the Governor.

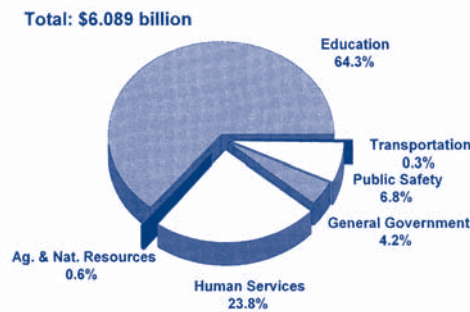
FY 2008. The FY 2008 approved amount is \$6.089 billion from the State General Fund and \$12.627 billion from all funding sources. The FY 2008 amount is \$72.2 million below the amount recommended by the Governor from the State General Fund and \$30.6 million above the amount recommended by the Governor from all funding sources. The State General Fund increase from FY 2007 is primarily attributable to school finance funding included in 2006 SB 549 (\$149.0 million); funding to replace lost federal funds because of changes or decisions on federal government reimbursements, primarily for special education (\$65.9 million); social services caseload increases (\$65.5 million); and state employee salary increases (\$44.3 million). The expenditure increase from all funding sources also is primarily reflected in the budgets of the Department of Education (\$228.7 million, primarily in school finance increases), and the Department on Aging, Health Policy Authority and the Department of Social and Rehabilitation Services (\$174.7 million, primarily in caseload

increases). The approved number of full-time equivalent (FTE) positions totals 41,426.2 for FY 2008, an increase of 196.4 FTE positions from the FY 2007 approved amount of 41,229.8.

The following pie chart displays the FY 2008 State General Fund expenditures by function of government. The education function comprises 64.3 percent of the FY 2008 approved State General Fund budget.

FY 2008 STATE GENERAL FUND EXPENDITURES

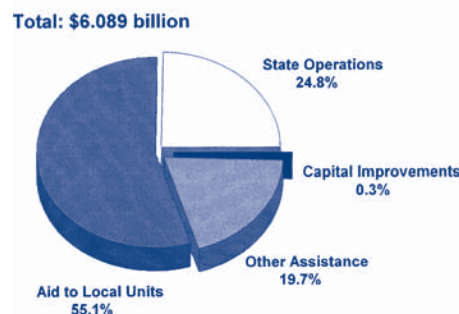
By Function of Government



The following pie chart displays the FY 2008 State General Fund expenditures by major purpose of expenditure. Aid to local units of government comprises 55.1 percent of the FY 2008 approved State General Fund budget.

FY 2008 STATE GENERAL FUND EXPENDITURES

By Major Purpose of Expenditure



Funeral Picketing

House Sub. for SB 244 creates the Kansas Privacy Act and prohibits persons from engaging in picketing or a directed protest within 150 yards of any entrance to any cemetery, church, mortuary, or other location where a funeral is held or conducted. The prohibition would commence within one hour prior to, the scheduled commencement of a funeral, during a funeral, or within two hours following the completion of a funeral. Public demonstration also would be prohibited from blocking another person's entry to or exit from a funeral; or impeding vehicles which are part of a funeral procession. The bill allows defamation lawsuits by the estate on behalf of the person or any living relative of the deceased person. The bill will not be effective until after the Kansas Supreme Court or a federal court upholds the constitutionality of the bill's provisions. The Attorney General is required to seek judicial determination of the constitutionality of the bill.

English as the Official Language

HB 2140 designates English as the official language of the State of Kansas for all public documents and official public meetings. The bill requires certain local entities to offer English language classes, English language training, or citizenship classes for non-native speakers and to seek assistance from listed groups in expanding awareness of the available classes and training.

Kansas Taxpayer Transparency Program

HB 2368 includes funds for a new computer system that is to be developed concurrent to the implementation of

the Kansas Taxpayer Transparency Program. Financing of \$4,448,422, all from the State General Fund, was authorized in FY 2007 and FY 2008 for the Department of Administration to begin development of a statewide financial management system. The bill requires operation of a single, searchable website for free public access to state agency expenditures and revenues, bonded indebtedness, and other relevant information and establishes a Public Finance Transparency Board.



TAXATION

County Sales Tax Authority and the Johnson County Educational Research Triangle Authority

SB 115 expands local sales tax authority for a number of counties and authorizes Johnson County to establish the Johnson County Education Research Triangle Authority (JCERTA).

Under the JCERTA provisions, the Johnson County Commission is required to determine within two years whether to submit to voters the question of creating the JCERTA and imposing a sales tax of up to 0.2 percent; a property tax of up to 2 mills; or both, provided the combination did not exceed the lesser of 0.2 percent sales tax or 2 mills property tax in projected revenue terms. If voters approve the JCERTA, the board of directors would consist of seven voting members, all of whom would be elected officials of Johnson County.

The JCERTA would be required to remit funds in equal shares for the Edwards Campus of the University of Kansas; the Johnson County location for Kansas State University; and the University of Kansas Medical Center's Johnson County locations and be spent for specified endeavors. The Kansas Board of Regents remains responsible

for the governance of all institutions receiving JCERTA funding.

Corporation Income Tax—Apportionment Formula

SB 240 establishes a single-factor corporation income tax apportionment formula option for manufacturers constructing a new facility in Kansas that costs at least \$100 million; employing at least 100 new employees at such facility by December 31, 2009; and paying higher than average wages. The optional apportionment formula is based exclusively on the amount of sales attributable to Kansas.

Income Tax—EITC and Social Security

Senate Sub. for HB 2031 makes a number of changes in the individual income tax, effective beginning in tax year 2007. The most significant provisions expand the state earned income tax credit (EITC); and provide a subtraction modification for certain Social Security benefits; clarify withholding requirements for certain partnerships; and authorize the Secretary of Revenue to waive an electronic-filing requirement for withholding tax information.

Under the EITC provisions, the Kansas EITC is increased from 15 to 17 percent of the federal credit, effective for tax year 2007.

Under the Social Security provisions, the bill implements for tax year 2007 a subtraction modification from federal adjusted gross income (FAGI) prior to the determination of Kansas adjusted gross income of the amount of Social Security benefits included in FAGI for only those taxpayers with FAGI of \$50,000 or less. For tax year 2008 and thereafter, the subtraction modification is increased such that taxpayers with FAGI of \$75,000 or less will be exempt from any state tax on their benefits.

Sales Tax—Various Provisions

Senate Sub. for House Sub. for HB 2171 makes a number of changes in sales tax refund procedures; modifies various statutory definitions and implements other changes necessary to maintain compliance with the multi-state Streamlined Sales and Use Tax Agreement; authorizes the suspension of sales tax registration certificates for certain taxpayers in default; and provides a number of new sales tax exemptions.

One portion of the bill, relating to sales tax refunds, codifies a number of definitions and procedures currently found in rules and regulations. Among the major provisions is a requirement that an agent or representative filing a refund claim on behalf of a taxpayer submit a power of attorney.

Definitions and requirements also are enacted to retain status as a member of the Streamlined Agreement.

Additional provisions authorize the Secretary of Revenue to suspend or revoke the sales tax registration certificate of certain taxpayers found in default for at least 60 days in the remittance of the tax or failure to file returns.

The bill further provides a sales tax exemption for the purchase of property and services by contractors for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging, furnishing or remodeling state correctional institutions, as well as privately constructed correctional institutions contracted for state use and ownership. The bill also provides a sales tax exemption for a number of not-for-profit groups, including the Dream Factory, Jazz in the Woods, Ottawa Suzuki Strings, Lions Clubs, Johnson County Young Matrons, the Frontenac Educational Foundation, the Booth Theatre Foundation, TLC Charities, the American Cancer

Society, the Rotary Club of Shawnee Foundation, Victory in the Valley, the Angel Babies Association, and the Community Services of Shawnee.

All such groups, except the Rotary Club of Shawnee Foundation, will have both their sales and purchases exempt. That group will only have its purchases exempt. Two of the groups, TLC Charities and the Booth Theatre Foundation, also will have the exemption for their purchases extended to purchases made on their behalf by contractors. Finally, additional language in the bill clarifies the sales tax exemption for farm machinery and equipment.

Corporation Franchise Tax— Phased Out

Senate Sub. for HB 2264 as amended by H. Sub. for Sub. for SB 215, phases out the corporation franchise tax over five years. Beginning in tax year 2007, the exemption threshold is increased from \$100,000 of net worth to \$1 million of net worth. The rate subsequently is reduced from the current \$1.25 per \$1,000 of shareholder equity or net worth to \$0.9375 in tax year 2008; \$0.625 in tax year 2009; and \$0.3125 in tax year 2010. The tax will be repealed altogether effective in tax year 2011.

Historic Preservation—Tax Credits and Grant Program

Senate Sub. for 2405 expands an existing income tax credit program for certain expenditures associated with qualified historic structures; enacts an alternative tax credit program for certain contributions to state-owned historic sites or not-for-profit organizations owning and operating such sites; authorizes the State Historical Society to develop a program of competitive

grants for partnership historic sites; and authorizes appointment of a partnership historic grant committee to recommend awarding of the grants.

Homestead Property Tax Refund Program—Expansion

Sub. for HB 2476 makes a number of changes in the Homestead Property Tax Refund Act, effective for tax year 2007, the cumulative impact of which will result in a significant expansion of the program. The maximum refund available under the program is increased from \$600 to \$700.

The statutory assumption that renters' effective property tax burden is equivalent to 20 percent of their total rent is reduced to 15 percent. Additional language requires the denial of claims from renters reporting household income of 150 percent or less of the homestead rental amount who also fail to provide certain supporting information.

Another provision allows 50 percent of Social Security benefits to be excluded from the definition of income for the purposes of qualifying for the program.

A new residential valuation ceiling also will prohibit any homeowner with a residence valued at \$350,000 or more from participating in the program.

A prohibition against persons with delinquent homestead property taxes participating in the program is repealed and replaced with language that will automatically pay any refunds for such persons to county treasurers for application first to any such delinquent taxes; and subsequently to any other homestead taxes currently due.



TRANSPORTATION

Safety Belt Restrictions

SB 8 makes it a primary offense for persons 14 to 17 years of age to ride in a car without wearing a safety belt with a fine of \$60 plus court costs. Persons 18 years or older and sitting in the front seat of a passenger car are required to wear a seat belt at all times with a fine of \$30 plus court costs. This violation will be considered a secondary offense. Violators will be given warning citations from July 1, 2007 to December 31, 2007. Other provisions of the bill: create the Traffic Records Enhancement Fund to enhance and upgrade traffic records systems and create the EMS Revolving Fund to improve and enhance emergency medical services; authorize the Division of Vehicles to issue nontransferable emergency medical services license plates beginning January 1, 2008; repeal a statute that prohibits a driver from operating a motor vehicle equipped with television-type receiving equipment so located that the viewer or screen is visible from the driver's seat; double speeding fines in school zones on state highways; allow the use of idle reduction technology equipment on motor carriers; clarify that tow trucks only be registered once; prohibit work-site utility vehicles from operating on interstate, federal, and state highways, or within the corporate limits of a city unless authorized by a city; and prohibit all-terrain vehicles from operating on city streets unless authorized by a city.

Drivers' Licenses Provisions

SB 9 codifies the practices of the Division of Vehicles that protect against fraud in the issuance of drivers' licenses. The bill imposes numerous requirements on the Division of Vehicles and on a driver's license applicant to ensure the integrity of a driver's license or identification card.

KANSAS QUICK FACTS

POPULATION 2000-2006 – ESTIMATED

Kansas July, 2006 Population Estimate:	2,764,075
Increase from 2000 Census:	2.8%
Largest County: Johnson	516,731
Smallest County: Greeley	1,331
Greatest percent growth: Johnson	14.5%
Greatest percent decline: Lane	(16.6)%

Natural Increase (Decrease) BIRTH-DEATHS

Greatest natural decrease: Cloud	(330)
Greatest natural increase: Johnson	28,417

MIGRATION

Highest net internal in-migration: Johnson	29,437
Highest net internal out-migration: Wyandotte	(16,640)
Highest net international in-migration: Sedgwick	8,884
Net internal migration – Statewide	(65,589)
Net international migration – Statewide	44,847

Source: Population Division, U.S. Census Bureau,
March 22, 2007

PER CAPITA 2005 PERSONAL INCOME ESTIMATES (APRIL 2007)

Kansas	\$ 32,866
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PER CAPITA 2005 PERSONAL INCOME ESTIMATES

COUNTIES

Highest – Johnson	\$ 48,123
Lowest – Lincoln	\$ 21,954

AREAS (2005)

Kansas Metropolitan Portion	\$ 35,841
Kansas Non-metropolitan Portion	\$ 27,765

COMBINED STATISTICAL AREAS (2005)

Kansas City – Overland Park	\$ 35,392
Wichita – Winfield	\$ 33,300

METROPOLITAN STATISTICAL AREAS (2005)

Lawrence	\$ 28,394
Topeka	\$ 31,074

Source: U.S. Bureau of Economic Analysis, April 2007