

SENATE BILL No. 417

By Committee on Commerce

2-10

1 AN ACT concerning economic development; relating to the powers, duties
2 and functions transferred to the secretary of commerce from Kansas,
3 Inc.; making changes in references and transfers to state officers and
4 agencies with respect thereto; amending K.S.A. 74-5007a, 74-50,101,
5 74-8009a, 74-8013, 74-8015, 74-8016, 74-8204, 74-8310 and 74-9306
6 and K.S.A. 2011 Supp. 12-17,169, 12-17,177, 74-5001a, 74-5049, 74-
7 5089, 74-5095, 74-50,151, 74-8004, 74-8006, 74-8010, 74-8106, 74-
8 8111, 74-8136, 74-8317, 74-8405, 74-99b09, 74-99c07, 74-99e02, 75-
9 2935, 75-2935b, 75-3702k, 75-3702l, 75-3702m and 75-3702n and
10 repealing the existing sections; also repealing K.S.A. 74-8003, 74-
11 8011, 74-8012 and 74-8014 and K.S.A. 2011 Supp. 74-50,134, 74-
12 8001, 74-8002, 74-8005, 74-8007, 74-8102 and 74-99c10.

13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2011 Supp. 12-17,169 is hereby amended to read as
16 follows: 12-17,169. (a) (1) Any city or county shall have the power to
17 issue special obligation bonds in one or more series to finance the
18 undertaking of any STAR bond project in accordance with the provisions
19 of this act. Such special obligation bonds shall be made payable, both as to
20 principal and interest:

21 (A) From revenues of the city or county derived from or held in
22 connection with the undertaking and carrying out of any STAR bond
23 project or projects under this act including historic theater sales tax
24 increments;

25 (B) from any private sources, contributions or other financial
26 assistance from the state or federal government;

27 (C) from a pledge of 100% of the tax increment revenue received by
28 the city from any local sales and use taxes, including the city's share of any
29 county sales tax, which are collected from taxpayers doing business within
30 that portion of the city's STAR bond project district established pursuant to
31 K.S.A. 2011 Supp. 12-17,165, and amendments thereto, occupied by a
32 STAR bond project, except for amounts committed to other uses by
33 election of voters or pledged to bond repayment prior to the approval of
34 the STAR bond project;

35 (D) at the option of the county in a city STAR bond project district,
36 from a pledge of all of the tax increment revenues received by the county

1 from any local sales and use taxes which are collected from taxpayers
2 doing business within that portion of the city's STAR bond project district
3 established pursuant to K.S.A. 2011 Supp. 12-17,165, and amendments
4 thereto, except for amounts committed to other uses by election of voters
5 or pledged to bond repayment prior to the approval of a STAR bond
6 project;

7 (E) in a county STAR bond project district, from a pledge of 100% of
8 the tax increment revenue received by the county from any county sales
9 and use tax, but excluding any portions of such taxes that are allocated to
10 the cities in such county pursuant to K.S.A. 12-192, and amendments
11 thereto, which are collected from taxpayers doing business within that
12 portion of the county's STAR bond project district established pursuant to
13 K.S.A. 2011 Supp. 12-17,165, and amendments thereto, occupied by a
14 STAR bond project;

15 (F) from a pledge of all of the tax increment revenue received from
16 any state sales taxes which are collected from taxpayers doing business
17 within that portion of the city's or county's STAR bond project district
18 occupied by a STAR bond project;

19 (G) at the option of the city or county and with approval of the
20 secretary, from all or a portion of the transient guest tax of such city or
21 county;

22 (H) at the option of the city or county and with approval of the
23 secretary, (i) from a pledge of all or a portion of increased revenue
24 received by the city or county from franchise fees collected from utilities
25 and other businesses using public right-of-way within the STAR bond
26 project district; or (ii) from a pledge of all or a portion of the revenue
27 received by a city or county from local sales taxes or local transient guest
28 and local use taxes; or

29 (I) by any combination of these methods.

30 The city or county may pledge such revenue to the repayment of such
31 special obligation bonds prior to, simultaneously with, or subsequent to the
32 issuance of such special obligation bonds.

33 (2) Bonds issued under paragraph (1) of this subsection shall not be
34 general obligations of the city or the county, nor in any event shall they
35 give rise to a charge against its general credit or taxing powers, or be
36 payable out of any funds or properties other than any of those set forth in
37 paragraph (1) of this subsection and such bonds shall so state on their face.

38 (3) Bonds issued under the provisions of paragraph (1) of this
39 subsection shall be special obligations of the city or county and are
40 declared to be negotiable instruments. Such bonds shall be executed by the
41 mayor and clerk of the city or the chairperson of the board of county
42 commissioners and the county clerk and sealed with the corporate seal of
43 the city or county. All details pertaining to the issuance of such special

1 obligation bonds and terms and conditions thereof shall be determined by
2 ordinance of the city or by resolution of the county.

3 All special obligation bonds issued pursuant to this act and all income
4 or interest therefrom shall be exempt from all state taxes. Such special
5 obligation bonds shall contain none of the recitals set forth in K.S.A. 10-
6 112, and amendments thereto. Such special obligation bonds shall,
7 however, contain the following recitals: (i) The authority under which such
8 special obligation bonds are issued; (ii) such bonds are in conformity with
9 the provisions, restrictions and limitations thereof; and (iii) that such
10 special obligation bonds and the interest thereon are to be paid from the
11 money and revenue received as provided in paragraph (1) of this
12 subsection.

13 (4) Any city or county issuing special obligation bonds under the
14 provisions of this act may refund all or part of such issue pursuant to the
15 provisions of K.S.A. 10-116a, and amendments thereto.

16 (b) (1) Subject to the provisions of paragraph (2) of this subsection,
17 any city shall have the power to issue full faith and credit tax increment
18 bonds to finance the undertaking, establishment or redevelopment of any
19 major motorsports complex, as defined in subsection (k) of K.S.A. 2011
20 Supp. 12-17,162, and amendments thereto. Such full faith and credit tax
21 increment bonds shall be made payable, both as to principal and interest:
22 (A) From the revenue sources identified in paragraph (1) of subsection (a)
23 or by any combination of these sources; and (B) subject to the provisions
24 of paragraph (2) of this subsection, from a pledge of the city's full faith and
25 credit to use its ad valorem taxing authority for repayment thereof in the
26 event all other authorized sources of revenue are not sufficient.

27 (2) Except as provided in paragraph (3) of this subsection, before the
28 governing body of any city proposes to issue full faith and credit tax
29 increment bonds as authorized by this subsection, the feasibility study
30 required by subsection (b) of K.S.A. 2011 Supp. 12-17,166, and
31 amendments thereto, shall demonstrate that the benefits derived from the
32 project will exceed the cost and that the income therefrom will be
33 sufficient to pay the costs of the project. No full faith and credit tax
34 increment bonds shall be issued unless the governing body states in the
35 resolution required by subsection (e) of K.S.A. 2011 Supp. 12-17,166, and
36 amendments thereto, that it may issue such bonds to finance the proposed
37 STAR bond project. The governing body may issue the bonds unless
38 within 60 days following the conclusion of the public hearing on the
39 proposed STAR bond project plan a protest petition signed by 3% of the
40 qualified voters of the city is filed with the city clerk in accordance with
41 the provisions of K.S.A. 25-3601, *et seq.*, and amendments thereto. If a
42 sufficient petition is filed, no full faith and credit tax increment bonds shall
43 be issued until the issuance of the bonds is approved by a majority of the

1 voters voting at an election thereon. Such election shall be called and held
2 in the manner provided by the general bond law. The failure of the voters
3 to approve the issuance of full faith and credit tax increment bonds shall
4 not prevent the city from issuing special obligation bonds in accordance
5 with this section. No such election shall be held in the event the board of
6 county commissioners or the board of education determines, as provided in
7 K.S.A. 2011 Supp. 12-17,165, and amendments thereto, that the proposed
8 STAR bond project district will have an adverse effect on the county or
9 school district.

10 (3) As an alternative to paragraph (2) of this subsection, any city
11 which adopts a STAR bond project plan for a major motorsports complex,
12 but does not state its intent to issue full faith and credit tax increment
13 bonds in the resolution required by subsection (e) of K.S.A. 2011 Supp.
14 12-17,166, and amendments thereto, and has not acquired property in the
15 STAR bond project area may issue full faith and credit tax increment
16 bonds if the governing body of the city adopts a resolution stating its intent
17 to issue the bonds and the issuance of the bonds is approved by a majority
18 of the voters voting at an election thereon. Such election shall be called
19 and held in the manner provided by the general bond law. The failure of
20 the voters to approve the issuance of full faith and credit tax increment
21 bonds shall not prevent the city from issuing special obligation bonds
22 pursuant to paragraph (1) of subsection (a). Any project plan adopted by a
23 city prior to the effective date of this act in accordance with K.S.A. 12-
24 1772, and amendments thereto, shall not be invalidated by any
25 requirements of this act.

26 (4) During the progress of any major motorsports complex project in
27 which the project costs will be financed, in whole or in part, with the
28 proceeds of full faith and credit tax increment bonds, the city may issue
29 temporary notes in the manner provided in K.S.A. 10-123, and
30 amendments thereto, to pay the project costs for the major motorsports
31 complex project. Such temporary notes shall not be issued and the city
32 shall not acquire property in the STAR bond project area until the
33 requirements of paragraph (2) or (3) of this subsection, whichever is
34 applicable, have been met.

35 (5) Full faith and credit tax increment bonds issued under this
36 subsection shall be general obligations of the city and are declared to be
37 negotiable instruments. Such bonds shall be issued in accordance with the
38 general bond law. All such bonds and all income or interest therefrom shall
39 be exempt from all state taxes. The amount of the full faith and credit tax
40 increment bonds issued and outstanding which exceeds 3% of the assessed
41 valuation of the city shall be within the bonded debt limit applicable to
42 such city.

43 (6) Any city issuing full faith and credit tax increment bonds under

1 the provisions of this subsection may refund all or part of such issue
2 pursuant to the provisions of K.S.A. 10-116a, and amendments thereto.

3 (c) For each project financed with special obligation bonds payable
4 from the revenues described in subsection (a)(1), the city or county shall
5 prepare and submit to the secretary by October 1 of each year, a report
6 describing the status of any projects within such STAR bond project area,
7 any expenditures of the proceeds of special obligation bonds that have
8 occurred since the last annual report and any expenditures of the proceeds
9 of such bonds expected to occur in the future, including the amount of
10 sales tax revenue, how such revenue has been spent, the projected amount
11 of such revenue and the anticipated use of such revenue. The department
12 of commerce shall compile this information and submit a report annually
13 to the governor, ~~Kansas, Inc.~~ and the legislature by February 1 of each
14 year.

15 (d) A city or county may use the proceeds of special obligation bonds
16 or any uncommitted funds derived from sources set forth in this section to
17 pay the bond project costs as defined in K.S.A. 2011 Supp. 12-17,162, and
18 amendments thereto, to implement the STAR bond project plan.

19 (e) With respect to a STAR bond project district established prior to
20 January 1, 2003, for which, prior to January 1, 2003, the secretary made a
21 finding as provided in subsection (a) of this section that a STAR bond
22 project would create a major tourism area for the state, such special
23 obligation bonds shall be payable both as to principal and interest, from a
24 pledge of all of the revenue from any transient guest, state and local sales
25 and use taxes collected from taxpayers as provided in subsection (a) of this
26 section whether or not revenues from such taxes are received by the city.

27 Sec. 2. K.S.A. 2011 Supp. 12-17,177 is hereby amended to read as
28 follows: 12-17,177. (a) The boundaries of any STAR bond project district
29 in a major tourism area including an auto race track facility located in
30 Wyandotte county, shall, without regard to that portion of the district
31 pertaining to the auto race track facility, be as follows: Beginning at the
32 intersection of Interstate 70 and Interstate 435; West along Interstate 70 to
33 118th Street; North along 118th Street to State Avenue; Northeasterly along
34 proposed relocated State Avenue to 110th Street; North along 110th Street
35 to Parallel Parkway; East along Parallel Parkway to Interstate 435; South
36 along Interstate 435 to Interstate 70.

37 (b) Any major tourism area may include an additional area not
38 exceeding 400 acres of additional property, excluding roads and highways,
39 in addition to the property necessary for the auto race track facility upon a
40 finding by the governor that the development plan and each project within
41 such additional 400 acre area will enhance the major tourism area. For the
42 development of each project within such additional 400 acre area the city
43 shall select qualified developers pursuant to a request for proposals in

1 accordance with written official procedures approved by the governing
2 body of the city.

3 (c) Any project within such additional 400 acre area that is financed
4 in whole or in part by special obligation bonds payable from revenues
5 derived from subsection (a)(1)(C), (a)(1)(F) or (a)(1)(G) of K.S.A. 2011
6 Supp. 12-17,169, and amendments thereto, shall not be entitled to any real
7 property tax abatements or the revenues described in K.S.A. 12-1775, and
8 amendments thereto.

9 (d) Any project within such additional 400 acre area must be
10 approved by the governor and construction must be commenced by July 1,
11 2002.

12 (e) The maximum principal amount of special obligation bonds
13 issued to fund STAR bond projects within a major tourism area, including
14 any such additional 400 acre area, shall not exceed \$308,000,000, unless
15 the city has secured prior approval from the secretary of commerce and the
16 secretary of revenue. Any special obligation bonds issued for the following
17 purposes shall not be counted toward such limit on the principal amount:

18 (1) Special obligation bonds issued solely for the purpose of
19 refunding such bonds, either at maturity or in advance of maturity,
20 pursuant to the provisions of K.S.A. 10-116a, and amendments thereto;
21 and

22 (2) special obligation bonds issued solely to fund reserve funds for
23 such refunding bonds.

24 (f) Prior to issuing any special obligation bonds for any purpose, the
25 city or county must have the approval of the secretary and the secretary of
26 revenue.

27 (g) The city or county shall prepare and submit annually to the
28 secretary by October 1 of each year, a report describing the status of any
29 projects within a major tourism area and all other STAR bond projects,
30 including any such additional 400 acre area, any expenditures of the
31 proceeds of special obligation bonds that have occurred since the last
32 annual report and any expenditures of the proceeds of such bonds expected
33 to occur in the future, including the amount of sales tax revenue, how it
34 has been spent, the projected amount of such revenue and the anticipated
35 use of such revenue. The department of commerce shall compile this
36 information and submit a report annually to the governor, ~~Kansas, Inc.~~ and
37 the legislature by February 1 of each year.

38 (h) Any business located in Kansas within 50 miles of a major
39 tourism area that relocates into a major tourism area, including such
40 additional 400 acre area, shall not receive any of the benefits of K.S.A.
41 2011 Supp. 12-17,160 *et seq.*, and amendments thereto.

42 (i) If a city determines that revenues from sources other than property
43 taxes will be sufficient to pay any special obligation bonds issued to

1 finance a STAR bond project for an auto race track facility as described in
2 K.S.A. 2011 Supp. 12-17,162, and amendments thereto, and the secretary
3 makes a finding that such project will create a major tourism area as
4 defined in K.S.A. 2011 Supp. 12-17,162, and amendments thereto, all real
5 and personal property, constituting an auto race track facility described in
6 K.S.A. 2011 Supp. 12-17,162, and amendments thereto, in such STAR
7 bond project district shall be exempt from property taxation for a period
8 ending on the earlier of:

9 (1) The date which is 30 years after the date of the finding by the
10 secretary with respect to such major tourism area; or

11 (2) the date on which no such special obligation bonds issued to
12 finance such auto race track facility in a major tourism area remain
13 outstanding.

14 (j) The city which is authorized to issue bonds pursuant to the
15 provisions of K.S.A. 2011 Supp. 12-17,160 *et seq.*, and amendments
16 thereto, in order to finance a STAR bond project in a major tourism area as
17 defined by K.S.A. 2011 Supp. 12-17,162, and amendments thereto, shall
18 obtain underwriting services required by the city for the issuance of such
19 bonds pursuant to written proposals received in accordance with this
20 section.

21 Each city which is authorized to issue such bonds shall establish
22 written official procedures for obtaining underwriting services required for
23 the issuance of such bonds, including specifications for requests for
24 proposals and criteria for evaluation of proposals on a competitive basis.
25 The proposal evaluation criteria shall include factors based on cost,
26 capacity to provide the required services, qualifications and experience.

27 Prior to the issuance of any such bond to finance a STAR bond project
28 in a major tourism area, the city shall publish notice of a request for
29 proposals to provide the underwriting services that are required by the city
30 with regard to the proposed bond issuance and shall mail requests for
31 proposals to qualified interested parties upon request for such notice. The
32 city shall award contracts for such underwriting services from the
33 proposals received in accordance with the procedures and evaluation
34 criteria adopted by the city for such purpose. A city shall publish such
35 notice in the official newspaper of the city.

36 (k) A STAR bond project in a major tourism area for an auto race
37 track facility, shall be completed within 30 years from the date the
38 secretary makes the finding that the STAR bond project will create a major
39 tourism area pursuant to subsection (l) of K.S.A. 2011 Supp. 12-17,162,
40 and amendments thereto.

41 (l) The maximum maturity on bonds issued to finance projects
42 pursuant to this act shall not exceed 20 years as provided in K.S.A. 2011
43 Supp. 12-17,166, *and amendments thereto*, except that:

1 (1) Such maximum period of special obligation bonds not payable
2 from revenues described by subsections (a)(1)(C), (a)(1)(F) and (a)(1)(G)
3 of K.S.A. 2011 Supp. 12-17,169, and amendments thereto, issued to
4 finance an auto race track facility shall not exceed 30 years; and

5 (2) such maximum period, if the governor determines and makes and
6 submits a finding to the speaker of the house of representatives and the
7 president of the senate that a maturity greater than 20 years, but in no
8 event exceeding 30 years, is necessary for the economic feasibility of the
9 financing of an auto race track facility with special obligation bonds
10 payable primarily from revenues described by subsections (a)(1)(C), (a)(1)
11 (F) and (a)(1)(G) of K.S.A. 2011 Supp. 12-17,169, and amendments
12 thereto, may be extended in accordance with such determination and
13 finding.

14 (m) The secretary of revenue shall determine when the amount of
15 sales tax and other revenues that have been collected and distributed to the
16 bond debt service or reserve fund is sufficient to satisfy all principal and
17 interest costs to the maturity date or dates, of any special obligation bonds
18 issued by a city or county to finance a STAR bond project in a major
19 tourism area. Thereafter, all sales tax and other revenues shall be collected
20 and distributed in accordance with applicable law.

21 Sec. 3. K.S.A. 2011 Supp. 74-5001a is hereby amended to read as
22 follows: 74-5001a. The purpose of the department of commerce shall be to
23 develop and implement strategies to:

24 (a) Facilitate the growth, diversification and expansion of existing
25 enterprises and the creation by Kansans of new wealth-generating
26 enterprises;

27 (b) promote economic diversification and innovation within the basic
28 industries and sectors of the state;

29 (c) promote increased productivity and value added products,
30 processes and services among wealth-generating enterprises and the export
31 of those goods and services created by small and large Kansas enterprises
32 to the nation and world;

33 (d) maintain and revitalize economically depressed rural areas and
34 urban neighborhoods by annually targeting scarce resources by size, sector
35 and location to communities and enterprises of particular need and
36 opportunity and by working in close collaboration with local communities;

37 (e) protect and enhance the environmental quality of the state in ways
38 consistent with dynamic economic growth; and

39 (f) forge a supportive partnership with the standing committee on
40 commerce of the senate, the standing committee on economic
41 development of the house of representatives and the joint committee on
42 economic development, ~~Kansas, Inc.~~, Kansas venture capital, Inc., Kansas
43 certified development companies, Kansas small business development

1 centers, Kansas public and private educational institutions, and other
2 appropriate private and public sector organizations in achieving the
3 economic goals of the state.

4 Sec. 4. K.S.A. 74-5007a is hereby amended to read as follows: 74-
5 5007a. The purpose of the division of business development shall be to
6 attract new business and industry from outside the state and promote and
7 encourage the growth, diversification, innovation and retention of existing
8 Kansas business and industry, in rural and urban Kansas, thereby creating
9 quality jobs, attracting new capital investment, and expanding and
10 diversifying the state's economic tax base. In defining this purpose, the
11 department and the state government shall recognize that the future of the
12 Kansas economy depends largely on the creation of diversified, value
13 added, primary economic activity that imports new quality jobs, income
14 and wealth into the state. The division of business development is hereby
15 authorized and empowered to:

16 (a) Foster a climate of agricultural and industrial development by
17 providing incentives to businesses and industries located principally
18 outside the state to expand, locate or relocate within the state;

19 (b) to engage in recruitment of such businesses and industries by
20 identifying, contacting and informing them of the benefits of expanding,
21 locating or relocating in Kansas;

22 (c) maintain and keep current all available information regarding the
23 industrial opportunities and possibilities of the state, including raw
24 materials and by-products; power and water resources; transportation
25 facilities; available markets and the marketing limitations of the state;
26 labor supply; banking and financing facilities; availability of industrial
27 sites; and the advantages the state and its particular sections have as
28 industrial locations; and such information shall be used for the
29 encouragement of new industries in the state and the expansion of existing
30 industries within the state;

31 (d) to assist counties and cities in industrial development through the
32 establishment of industrial development corporations, including site
33 surveys, small business administration problems, and render such other
34 similar assistance as may be required; and in those instances where it is
35 deemed appropriate, to contract with and make a service charge to the
36 county or city involved for such services rendered; and

37 (e) to acquaint the people of this state with the industries within the
38 state and encourage closer cooperation between the agriculture,
39 commercial and industrial enterprises and the people of the state.

40 (f) Provide programs that facilitate the development of existing
41 industries and startup industries;

42 (g) facilitate the availability of capital for business growth and quality
43 job creation;

1 (h) foster the development of a coordinated statewide network of
2 business assistance programs;

3 (i) encourage the development of minority and women-owned
4 businesses;

5 (j) pursue initiatives that expand the market for Kansas products and
6 services;

7 (k) assist small business by providing assistance in interpreting and
8 applying the laws and administrative rules and regulations of the state
9 applying to such businesses; and

10 (l) make performance grants available to certified development
11 companies and small business development centers as key constituent
12 elements of a "statewide risk capital system" subject to legislative
13 appropriations. Such grants shall be made to provide secure base levels of
14 funding and incentives for providing financial and technical assistance
15 through the statewide risk capital system to primary, job creating
16 enterprises. The method of distribution of the grants shall be developed by
17 the division in consultation with the certified development companies and
18 small business development centers ~~and reviewed and evaluated by~~
19 ~~Kansas, Inc.~~. Prior to establishing the method of distribution, the division
20 in consultation with the certified development companies and small
21 business development centers shall perform a survey and analysis of the
22 effectiveness of existing methods of distribution for funding in other
23 states. The method of distribution shall include provision for the
24 establishment of performance standards and performance review prior to
25 initial funding and for all subsequent refunding. The method of
26 distribution shall also provide a formula for base levels of funding which
27 considers all current levels of federal, state and other existing funding, and
28 which recognizes different needs based upon differences in client
29 populations and areas served. The method of distribution proposed shall
30 give priority to the use of state funds for incentive funding where possible,
31 and shall specifically encourage co-location of services essential to an
32 effective and efficient statewide risk capital system.

33 Sec. 5. K.S.A. 2011 Supp. 74-5049 is hereby amended to read as
34 follows: 74-5049. (a) In order to insure that the department of commerce is
35 effectively administering this act, the department shall cooperate with the
36 standing committee on commerce of the senate, the standing committee on
37 new economy of the house of representatives and the joint committee on
38 economic development ~~and Kansas, Inc.~~, in the performance of an
39 independent performance review of the activities of the department and the
40 departmental divisions. The review shall include, but not be limited to: (1)
41 An assessment of the impacts of the department's programs corresponding
42 to the strategic plans of the department and the departmental divisions; (2)
43 a comparative assessment of the relative impact of the department's

1 programs with similar programs in other states; and (3) a comparative
2 assessment of the targeting of the department's programs by size and sector
3 of economic activity, and by location in different areas of the state. The
4 review shall be completed or updated at least once every three years.

5 (b) On or before October 1, the department shall prepare and publish
6 an annual report, which shall be made widely available, of its activities
7 and expenditures for the information of the governor, the standing
8 committee on commerce of the senate, the standing committee on new
9 economy of the house of representatives ~~and~~, the joint committee on
10 economic development, ~~Kansas, Inc.~~, and the public, and shall, from time
11 to time, submit recommendations to the governor concerning legislation
12 found to be necessary or desirable in effecting the purposes of this act. The
13 annual report shall include any information which the department is
14 required to report by law. The annual report shall specifically account for
15 the ways in which the purposes of the department and its divisions as
16 described in this act have been achieved, and the recommendations shall
17 specifically note what changes in the activities of the department and its
18 divisions, and of state government are necessary to better address the
19 purposes described in this act. The annual report to the standing committee
20 on commerce of the senate, the standing committee on new economy of
21 the house of representatives and the joint committee on economic
22 development shall be made by the department either: (1) by publishing
23 such report on the internet and by notifying each member of the
24 committees that the report is available and providing, as part of such
25 notice, the uniform resource locator (URL) at which such report is
26 available; or (2) by submitting copies of such report on CD-ROM or other
27 electronically readable media to such committees.

28 Sec. 6. K.S.A. 2011 Supp. 74-5089 is hereby amended to read as
29 follows: 74-5089. (a) There is hereby established a state matching grant
30 program to provide assistance in the promotion of tourism and
31 development of quality tourist attractions within the state of Kansas.
32 Grants awarded under this program shall be limited to not more than 40%
33 of the cost of any proposed project. Applicants shall not utilize any state
34 moneys to meet the matching requirements under the provisions of this
35 program. Both public and private entities shall be eligible to apply for a
36 grant under the provisions of this act. Not less than 75% of all moneys
37 granted under this program shall be allocated to public entities or entities
38 exempt from taxation under the provisions of 501(c)(3) of the federal
39 internal revenue code of 1986 and amendments thereto. After July 1, 1994,
40 no more than 20% of moneys granted to public or nonprofit entities shall
41 be granted to any single such entity. Furthermore, after July 1, 1994, no
42 more than 20% of moneys granted to private entities shall be granted to
43 any single such entity. The secretary of commerce shall administer the

1 provisions of this act and the secretary may adopt rules and regulations
2 establishing criteria for qualification for a matching grant and such other
3 matters deemed necessary by the secretary for the administration of this
4 act.

5 (b) For the purpose of K.S.A. 74-5089 through 74-5091, and
6 amendments thereto, "tourist attraction" means a site that is of significant
7 interest to tourists as a historic, cultural, scientific, educational,
8 recreational or architecturally unique site, or as a site of natural scenic
9 beauty or an area naturally suited for outdoor recreation, however, under
10 no circumstances shall "tourist attraction" mean a race track facility, as
11 defined in K.S.A. 74-8802, and amendments thereto, or any casino or
12 other establishment which operates class three games, as defined in the
13 1991 version of 25 USC 2703 U.S.C. § 2703.

14 ~~(e) During the fiscal year 1997, Kansas Inc. shall commission an~~
15 ~~analysis of this program's impact on tourism. The analysis shall include a~~
16 ~~recommendation for continuation, discontinuation or alteration of the~~
17 ~~program.~~

18 Sec. 7. K.S.A. 2011 Supp. 74-5095 is hereby amended to read as
19 follows: 74-5095. (a) There is hereby established the community strategic
20 planning grant committee which is composed of the following:

21 (1) ~~The president of Kansas, Inc.~~ *secretary of commerce*, who shall
22 act as chairperson;

23 (2) the director of the national institute for rural development or the
24 director's designee;

25 (3) one member from the Kansas association of counties;

26 (4) one member from the Kansas league of municipalities;

27 (5) one member from the Kansas industrial developers association
28 who is also from a metropolitan county; and

29 (6) one member with extensive knowledge of urban revitalization or
30 public finance or both who shall be appointed by the secretary of
31 commerce.

32 (b) Members designated in subsections (a)(3), (4) and (5) shall be
33 appointed by the secretary of commerce in consultation with the respective
34 associations named therein.

35 (c) The committee is hereby attached to the department of commerce
36 as a part thereof. All budgeting, purchasing and related management
37 functions of the committee shall be administered by the secretary of
38 commerce. The secretary of commerce shall provide office and meeting
39 space and such clerical and other staff assistance as may be necessary to
40 assist the committee in carrying out its powers, duties and functions under
41 this act.

42 (d) Members of the committee attending meetings of the committee,
43 or attending a subcommittee meeting thereof authorized by the committee,

1 may be paid compensation, subsistence allowances, mileage and other
2 expenses as provided in K.S.A. 75-3223 and amendments thereto.

3 Sec. 8. K.S.A. 74-50,101 is hereby amended to read as follows: 74-
4 50,101. Two years after the last grant is awarded to an applicant from a
5 nonmetropolitan county and, again, two years after the last grant is
6 awarded to an applicant from a metropolitan county under this act, ~~Kansas;~~
7 ~~he;~~ *the secretary of commerce* shall evaluate each economic development
8 strategic plan developed and determine the degree that such plan has been
9 implemented and report such evaluations and determinations to the
10 governor and the legislature.

11 Sec. 9. K.S.A. 2011 Supp. 74-50,151 is hereby amended to read as
12 follows: 74-50,151. (a) There is hereby created in the state treasury the
13 Kansas economic opportunity initiatives fund. Subject to acts of the
14 legislature applicable thereto, the moneys in the Kansas economic
15 opportunity initiatives fund shall be used only for the purposes prescribed
16 by this section.

17 (b) All expenditures made pursuant to this act shall be made in
18 accordance with appropriations acts upon warrants of the director of
19 accounts and reports issued pursuant to vouchers approved by the
20 governor or the governor's designee. The governor may approve a warrant
21 upon certification, by the secretary of commerce, that an economic
22 emergency or unique opportunity exists which warrant funding for a
23 strategic economic intervention by such state agency or agencies to
24 address expenses involved in securing economic benefits or avoiding or
25 remedying economic losses related to:

- 26 (1) A major expansion of an existing Kansas commercial enterprise;
- 27 (2) the potential location in Kansas of the operations of a major
28 employer;
- 29 (3) the award of a significant federal or private sector grant which has
30 a financial matching requirement;
- 31 (4) the departure from Kansas or the substantial reduction of the
32 operations of a major employer; and
- 33 (5) the closure or the substantial reduction of a major federal or state
34 institution or facility.

35 (c) An intervention strategy may include financial assistance in the
36 form of grants, loans or both. The department of commerce shall adopt
37 written guidelines concerning the terms and conditions of any such loans.
38 However, all repaid funds shall be credited to the Kansas economic
39 opportunity initiatives fund. No intervention strategy approved pursuant to
40 this act shall facilitate the moving of an existing Kansas firm to another
41 location within the state unless such restriction is waived by the secretary
42 of commerce. Every intervention strategy approved pursuant to this act
43 shall identify the intended outcomes to be realized by the strategy for

1 which funding is sought.

2 (d) The department of commerce ~~and Kansas, Inc.~~ shall make joint
3 findings concerning the costs and benefits, on both a local and statewide
4 basis, of projects proposed pursuant to this act. Prior to allocation of any
5 funds pursuant to this act, the governor shall review the cost-benefit
6 findings performed on each project.

7 (e) The director of the budget and the director of the legislative
8 research department shall consult periodically and review the balance
9 credited to and the estimated receipts to be credited to the state economic
10 development initiatives fund during the fiscal year. During any period
11 when the legislature is not in session, upon a finding by the director of the
12 budget in consultation with the director of the legislative research
13 department that the total of the unencumbered balance and estimated
14 receipts to be credited to the state economic development initiatives fund
15 during a fiscal year are insufficient to fund the budgeted expenditures and
16 transfers from the state economic development initiatives fund for the
17 fiscal year in accordance with the provisions of appropriation acts, the
18 director of the budget shall make a certification of such finding to the
19 governor. Upon approval by the governor, the director of accounts and
20 reports shall transfer the amount of moneys from the Kansas economic
21 opportunity initiatives fund to the state economic development initiatives
22 fund that is required, in accordance with a certification by the director of
23 the budget under this subsection, to fund the budgeted expenditures and
24 transfers from the state economic development initiatives fund for the
25 fiscal year in accordance with the provisions of appropriation acts, as
26 specified by the director of the budget pursuant to such certification.

27 (f) On or before the 10th day of each month, the director of accounts
28 and reports shall transfer from the state general fund to the state economic
29 development initiatives fund interest earnings based on:

30 (1) The average daily balance of moneys in the Kansas economic
31 opportunity initiatives fund for the preceding month; and

32 (2) the net earnings rate for the pooled money investment portfolio
33 for the preceding month.

34 (g) ~~A three member panel consisting of The secretary of commerce,~~
35 ~~the president of Kansas, Inc. and the private sector chairperson of the~~
36 ~~board of Kansas, Inc.~~ shall review annually the propriety of projects
37 funded under this section. ~~The panel shall~~ and report ~~its~~ the findings in
38 writing to the governor, the new economy committee of the house of
39 representatives, the senate commerce committee and the joint committee
40 on economic development. The report to the new economy committee of
41 the house of representatives, the commerce committee of the senate and
42 the joint committee on economic development under this subsection shall
43 be made either: (1) By ~~the panel~~ by publishing such report on the internet

1 and by notifying each member of the committees that the report is
2 available and providing, as part of such notice, the uniform resource
3 locator (URL) at which such report is available; or (2) by submitting
4 copies of such report on CD-ROM or other electronically readable media
5 to such committees.

6 Sec. 10. K.S.A. 2011 Supp. 74-8004 is hereby amended to read as
7 follows: 74-8004. (a) In order to achieve its purpose as provided in this
8 act, ~~Kansas, Inc.~~ *the secretary of commerce* shall:

9 (1) Serve in an advisory capacity to the governor, ~~the Kansas~~
10 ~~department of commerce~~ and the standing committee on commerce of the
11 senate, the standing committee on economic development of the house of
12 representatives and the joint committee on economic development.

13 (2) Assume central responsibility to develop, with the guidance of
14 both the private and public sectors, all facets of a comprehensive long term
15 economic development strategy.

16 (3) Coordinate the strategy development with all other state and local
17 agencies and offices and state educational institutions which do research
18 work, develop materials and programs, gather statistics, or which perform
19 functions related to economic development; and such state and local
20 agencies and offices and state educational institutions shall advise and
21 cooperate with ~~Kansas, Inc.~~ *the secretary of commerce* in the planning and
22 accomplishment of the strategy.

23 (4) Evaluate and analyze the state's economy to guide the direction of
24 future public and private actions, and report and make recommendations to
25 the governor, ~~the department of commerce,~~ and the standing committee on
26 commerce of the senate, the standing committee on economic
27 development of the house of representatives and the joint committee on
28 economic development with respect to the state's economy. The report to
29 the committee on commerce of the senate, the committee on economic
30 development of the house of representatives and the joint committee on
31 economic development under this subsection shall be made by ~~Kansas,~~
32 ~~Inc.~~ *the secretary of commerce*, either: (A) By publishing such report on
33 the internet and by notifying each member of the committees that the
34 report is available and providing, as part of such notice, the uniform
35 resource locator (URL) at which such report is available; or (B) by
36 submitting copies of such report on CD-ROM or other electronically
37 readable media to such committees.

38 (5) Oversee and evaluate the state's economic development activities
39 on an ongoing basis through the establishment of goals, priorities
40 performance standards and the periodic program audit of those goals,
41 priorities and performance standards.

42 (6) Oversee the implementation of the state's economic development
43 plan and monitor updates of that plan.

1 (7) Provide appropriate oversight to ensure the successful
2 implementation of Kansas Venture Capital, Inc.

3 (8) Oversee the targeting of scarce state resources by size and sector
4 of economic activity and by geographic location within the state in order
5 to enhance the state's potential comparative economic advantages.

6 (9) Review and evaluate the annual ~~reports of the department of~~
7 ~~commerce, Kansas technology enterprise corporation and report of~~ Kansas
8 Venture Capital, Inc. ~~Kansas, Inc.,~~ *The secretary of commerce* shall
9 transmit recommendations concerning the ~~agencies'~~ *Kansas Venture*
10 *Capital, Inc.* activities to the governor and the legislature no later than
11 September 1 of each year.

12 (10) Evaluate and report on the effectiveness of the activities of the
13 Kansas bioscience authority as provided in K.S.A. 2011 Supp. 74-99b09.

14 (b) ~~Kansas, Inc.,~~ *The secretary of commerce* shall seek advice from
15 the general public and from professional associations, academic groups
16 and institutions and individuals with knowledge of and interest in areas of
17 economic development and planning.

18 (c) ~~The department of commerce and~~ All other interested state
19 agencies shall cooperate with ~~Kansas, Inc.,~~ *the secretary of commerce* in
20 providing information and other assistance as may be requested for the
21 performance of its duties with respect to the state's economic development
22 plan.

23 Sec. 11. K.S.A. 2011 Supp. 74-8006 is hereby amended to read as
24 follows: 74-8006. ~~Kansas, Inc.,~~ *The secretary of commerce* shall publish an
25 annual report for the governor, legislature, citizens and media of Kansas.
26 The report shall include:

27 (a) An analysis of the current state of and emerging trends in the
28 Kansas economy over the next decade.

29 (b) An evaluation of the effectiveness of state economic development
30 policies and programs in meeting the goals of the state economic plan by
31 size of enterprise, sector of economic activity and location within Kansas,
32 and in comparison with other states.

33 (c) A listing in order of priority of recommendations for initiatives
34 that will further the effective implementation of the state economic
35 development plan.

36 (d) A synopsis of the activities of ~~Kansas, Inc.~~ *the secretary of*
37 *commerce* during the previous fiscal year.

38 (e) The report shall be transmitted annually to the governor and the
39 legislature on October 1 ~~in coordination with the Kansas technology~~
40 ~~enterprise corporation and the department of commerce.~~

41 Sec. 12. K.S.A. 74-8009a is hereby amended to read as follows: 74-
42 8009a. (a) ~~Kansas, Inc. is a public-private partnership.~~ The state shall
43 provide an annual appropriation to fund ~~the salaries and operating~~

1 expenses of the agency, as well as research and evaluation activities
2 conducted at the request of the executive or legislative branches. Private
3 funds shall be raised to support the economic development research and
4 education programs and related activities.

5 (b) ~~Kansas, Inc.~~ *The secretary of commerce* is authorized to enter into
6 contracts with, and to receive donations, contributions and grants from
7 individuals, corporations, private foundations and other governmental and
8 non-governmental entities for the purpose of fulfilling its mission and
9 duties. ~~It~~ *The secretary of commerce* may also receive in-kind
10 contributions in the form of personnel, services, equipment or other items
11 of value.

12 (c) ~~The president of Kansas, Inc.~~ *secretary of commerce* shall provide
13 a monthly report on the expenditure of private funds to the division of
14 accounts and reports. An annual financial report shall be made to the
15 ~~board of directors~~ *president of the senate and the speaker of the house of*
16 *representatives* which itemizes and accounts for the receipt and
17 expenditure of all non-state funds and contributions received.

18 Sec. 13. K.S.A. 2011 Supp. 74-8010 is hereby amended to read as
19 follows: 74-8010. (a) ~~Kansas, Inc.~~ *The secretary of commerce* shall review
20 and evaluate the effectiveness of economic development programs and
21 activities within the state, including, but not by way of limitation, ~~the~~
22 ~~Kansas technology enterprise corporation programs and activities,~~ the
23 major programs and activities of the department of commerce, the
24 statewide risk capital system, the venture capital tax credit, and the
25 research and development activities tax credit. The effectiveness of the
26 research and development activities tax credit shall be measured by the
27 extent to which the tax credit encourages innovation and development of
28 new value-added products and processes which will lead to the
29 commercialization of new products and processes by primary job creating
30 Kansas businesses.

31 (b) ~~Kansas, Inc.~~ *The secretary of commerce* shall periodically conduct
32 a review and evaluation of economic development programs and activities.
33 The review and evaluation should include:

34 (1) A performance analysis of the extent to which the purposes of the
35 acts providing for the programs and activities have been achieved; and

36 (2) the economic and fiscal impact of the programs and activities on
37 the state's economy and jobs created.

38 (c) Based on the findings of its review and evaluation, ~~Kansas, Inc.~~
39 *the secretary of commerce* will recommend to the legislature the
40 continuation in effect, modification, or repeal of the acts providing for the
41 programs and activities.

42 Sec. 14. K.S.A. 74-8013 is hereby amended to read as follows: 74-
43 8013. (a) All state appropriations to or grants of state appropriations to

1 ~~Kansas, Inc.~~ *the secretary of commerce* shall remain in the state treasury
2 until expended or transferred to other state agencies pursuant to the
3 ~~Kansas, Inc. act by the secretary of commerce.~~

4 (b) Except as provided in subsection (a), all moneys received by
5 ~~Kansas, Inc.~~ *the secretary of commerce* from gifts, donations, grants or any
6 other source outside the state treasury may be placed in the state treasury
7 or may be maintained in interest-bearing accounts in Kansas banks or
8 Kansas savings and loan associations until expended or otherwise disposed
9 of pursuant to the ~~Kansas, Inc. act by the secretary of commerce.~~

10 Sec. 15. K.S.A. 74-8015 is hereby amended to read as follows: 74-
11 8015. (a) As used in this section "state agency" means any state office or
12 officer, department, board, commission, institution, bureau or any agency,
13 division or unit within any office, department, board, commission or other
14 state authority or any person requesting a state appropriation.

15 (b) On October 1, 1990, and annually thereafter, state agencies
16 making community and economic development grants or loans shall
17 submit to ~~Kansas, Inc., the secretary of commerce~~ in a form prescribed by
18 ~~Kansas, Inc., the secretary of commerce~~ reports detailing community and
19 economic development grants or loans made by such state agencies. Such
20 reports shall include the identity of the recipient of such loans or grants.
21 ~~Kansas, Inc., The secretary of commerce~~ shall provide annually, to the
22 governor and the legislature, a compilation of such reports.

23 Sec. 16. K.S.A. 74-8016 is hereby amended to read as follows: 74-
24 8016. Subject to appropriations, ~~Kansas, Inc. the secretary of commerce~~
25 shall develop, adapt or adopt a uniform cost-benefit model for purposes of
26 statewide data collection and for evaluating industrial revenue bond and
27 economic development property tax exemptions. The model shall be made
28 available to all cities and counties free of charge.

29 Sec. 17. K.S.A. 2011 Supp. 74-8106 is hereby amended to read as
30 follows: 74-8106. (a) The purpose of this section is to authorize the
31 establishment of three types of centers of excellence at educational
32 institutions: Centers of excellence for basic research, centers of excellence
33 for applied research and development, and centers of excellence for
34 technology transfer.

35 (b) Centers of excellence for basic research will primarily undertake
36 ongoing basic research with a particular focus that will have long-run
37 potential for commercial development. The centers should build on
38 institutional strengths and be in areas of research where the educational
39 institution has achieved or has true promise of attaining a standard of
40 excellence as recognized by national and international peers.

41 (1) The Kansas technology enterprise basic research fund is hereby
42 created to which shall be credited any state funds specifically so
43 designated. The fund is not to be used for applied research, technology

1 transfer, technical assistance or training except as it is incidental to the
2 basic research intended to be benefited by this section.

3 (2) The department of commerce may use the Kansas technology
4 enterprise basic research fund to carry out the purposes of K.S.A. 74-8102,
5 and amendments thereto, by awarding funds to establish new centers of
6 excellence for basic research or to increase funding to such already
7 established centers of excellence so long as those centers are determined to
8 be primarily carrying out basic research and to meet the standards of
9 excellence required by this section and K.S.A. 74-8102, and amendments
10 thereto. Awards of funds shall be made on a competitive basis, and all
11 proposals for new centers of excellence shall be subject to external peer
12 review on the basis of scientific merit which meet national standards of
13 excellence and subsequent potential for commercial application.

14 (c) Centers of excellence for applied research and development will
15 primarily undertake applied research and development with a particular
16 focus that will have long-run potential for commercial development. The
17 centers should build on institutional strengths and be in areas of research
18 where the educational institution has achieved or has true promise of
19 attaining a standard of excellence in applied research and development.

20 (1) The Kansas technology enterprise applied research and
21 development fund is hereby created to which shall be credited any state
22 funds specifically so designated. The fund is not to be used for basic
23 research, technology transfer, technical assistance or training except as it is
24 incidental to the applied research and development intended to be
25 benefited by this section.

26 (2) The department of commerce may use the Kansas technology
27 enterprise applied research and development fund to carry out the purposes
28 of this act by awarding funds to establish new centers of excellence for
29 applied research and development or to increase funding to such already
30 established centers of excellence so long as those centers are determined to
31 be carrying out primarily applied research and development, and to be
32 meeting the standards of excellence required by this act. Awards of funds
33 shall be made on a competitive basis, and all proposals for new centers of
34 excellence shall be subject to external peer review on the basis of scientific
35 merit which meets national standards of excellence and subsequent
36 potential for commercial application.

37 (d) Centers of excellence for technology transfer will primarily
38 undertake ongoing transfer of technology from educational institutions to
39 Kansas business.

40 (1) The Kansas technology enterprise technology transfer fund is
41 hereby created to which shall be credited any state funds specifically so
42 designated. The fund is not to be used for basic research, applied research
43 and development, technical assistance or training except as it is incidental

1 to the technology transfer intended to be benefited by this section.

2 (2) The department of commerce may use the Kansas technology
3 enterprise technology transfer fund to carry out the purposes of K.S.A. 74-
4 8102, and amendments thereto, by awarding funds to establish new centers
5 of technology transfer or to increase funding to such already established
6 centers of excellence so long as those centers are determined to be
7 carrying out primarily technology transfer.

8 (3) Awards of funds shall be made on a competitive basis and all
9 proposals for new centers of excellence shall be subject to external peer
10 review on the basis of merit which meets national standards of excellence
11 and potential for increasing the competitiveness of Kansas business.

12 (e) The department of commerce shall award funding to centers of
13 excellence in accordance with subsections (g) and (h).

14 (f) In carrying out its functions under this section, the board of
15 regents is directed to create a centers of excellence committee to assist in
16 evaluating the establishment of new centers of excellence and in
17 evaluating increases in funding for already established centers of
18 excellence. The membership of the centers of excellence committee may
19 include employees of the department of commerce, and other persons
20 drawn from sources other than the department of commerce who are
21 recognized by their peers for outstanding knowledge and leadership in
22 their fields.

23 (g) The department of commerce shall award funding for new centers
24 and increased funding for established centers only after:

25 (1) Developing, adopting and publishing the criteria it shall use when
26 evaluating centers of excellence;

27 (2) developing a level of core funding for each center of excellence;
28 and

29 (3) receiving the recommendation of the centers of excellence
30 committee which will review proposals for new or established centers of
31 excellence containing:

32 (A) Documentation that not less than 50% of the center's funding
33 above the established level of core funding will be matched by sources
34 other than the department of commerce; machinery or equipment may be
35 considered as part of the matching funds, but must be accompanied by a
36 statement that the center of excellence has received the machinery or
37 equipment, it is state of the art; and either:

38 (i) Verifying that the machinery or equipment is donated and has only
39 been used in testing to insure quality control, or used by a wholesaler or
40 retailer for demonstration purposes only; or

41 (ii) detailing the price paid by the center of excellence, with an
42 invoice showing the amount paid for the equipment;

43 (B) a description of a potential for future benefit to industry;

1 (C) an itemized operations budget; and
2 (D) other information that may be required by the department of
3 commerce.

4 (h) The department of commerce shall approve proposals to establish
5 new centers of excellence after the department of commerce finds, based
6 upon the proposal submitted, external peer reviews, and such additional
7 investigation as the staff of the department of commerce shall make that:

8 (1) The proposed center of excellence has the potential to stimulate
9 economic growth by bringing together educational institutions and
10 businesses in partnerships to focus on basic research, applied research and
11 development, and technology transfer;

12 (2) the center has the long-run potential for benefit to existing and
13 new businesses through innovation and development of new technology;
14 and

15 (3) approval of the proposal will not create or foster unnecessary
16 duplication of programs, particularly at the graduate level of instruction.

17 (i) Each existing Kansas center of excellence is eligible for annual
18 support from the department of commerce according to the same terms and
19 conditions as provided in this section for new centers except that an
20 external peer review to determine under what provision of this section and
21 by what terms continuing funding is appropriate shall be conducted
22 annually during the first three years after the center of excellence is
23 established and shall be conducted biennially thereafter. In the years
24 between external peer reviews conducted on a biennial basis, the
25 department of commerce shall conduct internal reviews to determine under
26 what provision of this statute and under what terms continuing funding is
27 appropriate.

28 (j) The department of commerce may require any educational
29 institution where a center of excellence is located to oversee the operation
30 of such center of excellence.

31 (k) ~~Kansas, Inc.~~ *The secretary of commerce* shall annually transmit to
32 the governor and the legislature a report, based on information received
33 from the board of regents, describing the funding and expenditures of each
34 center of excellence for the preceding year, including the purposes for
35 which such expenditures were made.

36 Sec. 18. K.S.A. 2011 Supp. 74-8111 is hereby amended to read as
37 follows: 74-8111. (a) The secretary shall publish an annual report which
38 shall include an audit in accordance with generally accepted accounting
39 principles as of June 30 of each year, and present the report to the
40 governor, *and the legislature and Kansas, Inc.*, setting forth in detail the
41 operations and transactions conducted by ~~it~~ *the secretary of commerce*
42 pursuant to K.S.A. 74-8102 through 74-8104 and 74-8107 through 74-
43 8111, and amendments thereto, or to other legislation. The annual report

1 shall specifically account for the ways in which the purposes and the
2 programs described in K.S.A. 74-8102 through 74-8104 and 74-8107
3 through 74-8111, and amendments thereto, have been carried out, and the
4 recommendations shall specifically note what changes in the activities of
5 the department and the programs it administers, and of state government
6 are necessary to better address the purposes described in K.S.A. 74-8102
7 through 74-8104 and 74-8107 through 74-8111, and amendments thereto.
8 The secretary shall distribute its annual report by such means that will
9 make it widely available to those innovative enterprises of special
10 importance to the Kansas economy.

11 (b) The secretary shall annually review and prepare a report showing
12 how and at what level other states fund the programs provided for under
13 K.S.A. 74-8102 through 74-8104 and 74-8107 through 74-8111, and
14 amendments thereto. The secretary shall recommend an appropriate
15 funding level for Kansas which will make these programs nationally
16 competitive with those of other states. The secretary's findings and
17 recommendations shall be submitted to the governor and the legislature.

18 (c) The secretary shall adopt a threshold funding level for each of the
19 programs provided for under K.S.A. 74-8102 through 74-8104 and 74-
20 8107 through 74-8111, and amendments thereto. The threshold amount
21 shall provide for funding that is great enough to have a significant impact
22 and carry out the intent of K.S.A. 74-8102 through 74-8104 and 74-8107
23 through 74-8111, and amendments thereto. If the appropriation to fund
24 these programs falls below the threshold, then no funding shall be
25 provided by the department to the program funded below threshold level.

26 (d) ~~The corporation~~ *secretary and the department* shall be subject to
27 an audit by the legislative division of post audit.

28 Sec. 19. K.S.A. 2011 Supp. 74-8136 is hereby amended to read as
29 follows: 74-8136. (a) Tax credits for qualified Kansas businesses are a
30 limited resource of the state for which the secretary is designated as the
31 administrator. The purpose of such tax credits is to facilitate the
32 availability of equity investment in businesses in the early stages of
33 commercial development and to assist in the creation and expansion of
34 Kansas businesses which are job and wealth creating enterprises. To
35 achieve this purpose and to optimize the use of the limited resources of the
36 state, the secretary is authorized to issue tax credits to qualified investors
37 in qualified Kansas businesses. Such tax credits shall be awarded to those
38 qualified Kansas businesses which, as determined by the secretary, are
39 most likely to provide the greatest economic benefit to the state. The
40 secretary may issue whole or partial tax credits based on an assessment of
41 the qualified businesses. The secretary may consider numerous factors in
42 such assessment, including, but not limited to, the quality and experience
43 of the management team, the size of the estimated market opportunity, the

1 risk from current or future competition, the ability to defend intellectual
2 property, the quality and utility of the business model and the quality and
3 reasonableness of financial projections for the business.

4 (b) Each qualified Kansas business for which tax credits have been
5 issued pursuant to this act shall report to the department on an annual
6 basis, the following: (1) The name, address and taxpayer identification
7 number of each angel investor who has made cash investment in the
8 qualified securities of a qualified Kansas business and has received tax
9 credits for this investment during the preceding year and all other
10 preceding years; (2) the amounts of these cash investments by each angel
11 investor and a description of the qualified securities issued in
12 consideration of such cash investments; (3) the name, address and taxpayer
13 identification number of each investor to which tax credits issued pursuant
14 to this act have been transferred by the original angel investor; and (4) any
15 additional information as the secretary may require pursuant to this act.

16 (c) The secretary shall transmit annually to the governor, the standing
17 committee on commerce of the senate, the standing committee on
18 economic development of the house of representatives, *and* the joint
19 committee on economic development, ~~and Kansas, Inc.~~ a report, based
20 upon information received from each qualified Kansas business for which
21 tax credits have been issued during the preceding year, describing the
22 following: (1) The manner in which the purpose, as described in this act,
23 has been carried out; (2) the total cash investments made for the purchase
24 of qualified securities of qualified Kansas businesses during the preceding
25 year and cumulatively since the inception of this act; (3) an estimate of
26 jobs created and jobs preserved by cash investments made in qualified
27 securities of qualified Kansas businesses; and (4) an estimate of the
28 multiplier effect on the Kansas economy of the cash investments made
29 pursuant to this act.

30 (d) The secretary shall provide the information specified in
31 subsection (c) to the department of revenue on an annual basis. The
32 secretary shall conduct an annual review of the activities undertaken
33 pursuant to this act to ensure that tax credits issued pursuant to this act are
34 issued in compliance with the provisions of this act or rules and
35 regulations promulgated by the department with respect to this act.

36 (e) Any violation of the reporting requirements set forth in this
37 section shall be grounds for undesignation of a qualified Kansas business
38 under this section.

39 (f) If the secretary determines that a business is not in substantial
40 compliance with the requirements of this act to maintain its designation,
41 the secretary, by written notice, shall inform the officers of the qualified
42 Kansas business and the business that such business will lose designation
43 as a qualified Kansas business in 120 days from the date of mailing of the

1 notice unless such business corrects the deficiencies and is once again in
2 compliance with the requirements for designation.

3 (g) At the end of the 120-day period, if the qualified Kansas business
4 is still not in substantial compliance, the secretary shall send a notice of
5 loss of designation to the business, the secretary of the department of
6 revenue and to all known investors in the business. Loss of designation of
7 a qualified Kansas business shall preclude the issuance of any additional
8 tax credits with respect to this business and the secretary shall not approve
9 the application of such business as a qualified Kansas business. Upon loss
10 of the designation as a qualified Kansas business or if a business loses its
11 designation as a qualified Kansas business under this act by moving its
12 operations outside Kansas within 10 years after receiving financial
13 assistance under this act, such business shall repay such financial
14 assistance to the department, in an amount determined by the secretary.
15 Each qualified Kansas business that loses such designation shall enter into
16 a repayment agreement with the secretary specifying the terms of such
17 repayment obligation.

18 (h) Angel investors in a qualified Kansas business shall be entitled to
19 keep all of the tax credits claimed under this act.

20 (i) The secretary shall adopt rules and regulations in accordance with
21 the rules and regulations filing act necessary to implement the provisions
22 of K.S.A. 2011 Supp. 74-8131 through 74-8136, and amendments thereto.

23 Sec. 20. K.S.A. 74-8204 is hereby amended to read as follows: 74-
24 8204. (a) Kansas Venture Capital, Inc., shall prepare and publish an annual
25 report of its activities for the information of the governor, the standing
26 committee on commerce of the senate, the standing committee on new
27 economy of the house of representatives and the joint committee on
28 economic development, securities commissioner of Kansas, attorney
29 general, ~~Kansas, Inc.~~, and the public which shall be made widely available
30 and shall specifically account for:

31 (1) The manner in which the purpose as described in this act has been
32 carried out by Kansas Venture Capital, Inc.;

33 (2) the total investments made annually by Kansas Venture Capital,
34 Inc., in Kansas businesses;

35 (3) an estimate of jobs created and jobs preserved by investments by
36 Kansas Venture Capital, Inc., in Kansas businesses;

37 (4) an estimate of the multiplier effect on the Kansas economy of
38 investments by Kansas Venture Capital, Inc., in Kansas businesses; and

39 (5) an analysis of the targeting of scarce resources by Kansas Venture
40 Capital, Inc., by size, sector and location to enterprises of particular need
41 and opportunity.

42 (b) The report to the standing committee on commerce of the senate,
43 the standing committee on new economy of the house of representatives

1 and the joint committee on economic development under this section shall
2 be made by Kansas Venture Capital, Inc., either: (1) By publishing such
3 report on the internet and by notifying each member of the committees that
4 the report is available and providing, as part of such notice, the uniform
5 resource locator (URL) at which such report is available; or (2) by
6 submitting copies of such report on CD-ROM or other electronically
7 readable media.

8 Sec. 21. K.S.A. 74-8310 is hereby amended to read as follows: 74-
9 8310. (a) Pursuant to K.S.A. 74-5049, and amendments thereto, the
10 secretary shall report the following:

- 11 (1) The number of Kansas venture capital companies;
- 12 (2) the total tax credit generated;
- 13 (3) the total investments made in Kansas venture capital companies;
- 14 (4) the total investments in Kansas businesses by Kansas venture
15 capital companies;
- 16 (5) an estimate of jobs created or preserved under the program; and
- 17 (6) an estimate of the multiplier effect on the Kansas economy of the
18 program.

19 (b) Additionally, in the report the secretary shall evaluate the success
20 of the program in collaboration with ~~Kansas, Inc.~~ and the standing
21 committee on commerce of the senate, the standing committee on
22 economic development of the house of representatives and the joint
23 committee on economic development, and may include specific
24 recommendations for legislation.

25 Sec. 22. K.S.A. 2011 Supp. 74-8317 is hereby amended to read as
26 follows: 74-8317. The secretary shall transmit annually to the governor,
27 the standing committee on commerce of the senate, the standing
28 committee on economic development of the house of representatives; *and*
29 the joint committee on economic development ~~and Kansas, Inc.~~:

- 30 (a) The annual statement of the fund; and
- 31 (b) a report, based upon information received by the fund manager,
32 which specifies the following:
 - 33 (1) The manner in which the purpose as described in this act has been
34 carried out by the fund.
 - 35 (2) The total investments made annually by the fund in Kansas
36 businesses.
 - 37 (3) An estimate of jobs created and jobs preserved by investments by
38 the fund in Kansas businesses.
 - 39 (4) An estimate of the multiplier effect on the Kansas economy of
40 investments by the fund in Kansas businesses.
 - 41 (5) An analysis of the targeting of scarce resources by the fund by
42 size, sector and location to enterprises of particular need and opportunity.

43 Sec. 23. K.S.A. 2011 Supp. 74-8405 is hereby amended to read as

1 follows: 74-8405. (a) Pursuant to K.S.A. 74-5049, and amendments
2 thereto, the secretary of commerce shall report the following:

- 3 (1) The number of local seed capital pools;
- 4 (2) the total tax credit generated;
- 5 (3) the total investments made in Kansas venture capital companies;
- 6 (4) the total investments in Kansas businesses by local seed capital
7 pools;
- 8 (5) an estimate of jobs created or preserved under the program; and
- 9 (6) an estimate of the multiplier effect on the Kansas economy of the
10 program.

11 (b) Additionally, in the report the secretary shall evaluate the success
12 of the program in collaboration with ~~Kansas, Inc.~~ and the standing
13 committee on commerce of the senate, the standing committee on
14 economic development of the house of representatives and the joint
15 committee on economic development, and may include specific
16 recommendations for legislation.

17 Sec. 24. K.S.A. 74-9306 is hereby amended to read as follows: 74-
18 9306. ~~Kansas, Inc.~~ and The division of information services and
19 communications shall provide to INK such staff and other assistance as
20 may be requested thereby, and the actual costs of such assistance shall be
21 paid for by INK.

22 Sec. 25. K.S.A. 2011 Supp. 74-99b09 is hereby amended to read as
23 follows: 74-99b09. (a) The authority shall have all of the powers necessary
24 to carry out the purposes and provisions of this act, including, without
25 limitation, the following powers to:

- 26 (1) Make, amend and repeal bylaws, rules and regulations for the
27 management of its affairs;
- 28 (2) have the duties, privileges, immunities, rights, liabilities and
29 disabilities of a body politic and corporate and independent instrumentality
30 of the state;
- 31 (3) have perpetual existence and succession;
- 32 (4) adopt, have and use a seal and to alter the same at its pleasure;
- 33 (5) sue and be sued in its own name;
- 34 (6) work with bioscience research institutions to identify and recruit
35 eminent scholars and rising star scholars who shall become employed by
36 bioscience research institutions or the authority, or both, to perform
37 bioscience research, development and commercialization at bioscience
38 research institutions or at authority facilities, or both;
- 39 (7) transfer funds to bioscience research institutions in amounts to be
40 determined by the board for the purpose of attracting and then
41 supplementing the compensation of eminent scholars and rising star
42 scholars;
- 43 (8) work with and collaborate with bioscience research institutions to

1 determine the types of bioscience research that will be conducted by
2 eminent scholars and rising star scholars;

3 (9) work with bioscience research institutions to determine the types
4 of facilities that may be constructed at bioscience research institutions or at
5 authority premises, or elsewhere, for eminent scholars and rising star
6 scholars to perform bioscience research and development;

7 (10) employ personnel to assist or complement the research of
8 eminent scholars and rising star scholars;

9 (11) establish policies and procedures to facilitate integrated
10 bioscience research activities by the authority and bioscience research
11 institutions;

12 (12) make and execute contracts, guarantees or any other instruments
13 and agreements necessary or convenient for the exercise of its powers and
14 functions including, without limitation, to make and execute contracts with
15 bioscience enterprises, including start-up companies, other public and
16 private persons and entities, health care businesses, state universities and
17 colleges, and to incur liabilities and secure the obligations of any entity or
18 individual;

19 (13) partner with the bioscience research institutions to provide
20 matching funds for federal grants;

21 (14) borrow money and to pledge all or any part of the authority's
22 assets therefore;

23 (15) purchase, lease, trade, exchange or otherwise acquire, maintain,
24 hold, improve, mortgage, sell and dispose of personal property, whether
25 tangible or intangible, and any interest therein; and to purchase, lease,
26 trade, exchange or otherwise acquire real property or any interest therein,
27 and to maintain, hold, improve, mortgage, sell, lease and otherwise
28 transfer such real property to the universities, colleges, public institutions
29 and private enterprises in the state, so long as such transactions do not
30 conflict with the mission of the authority as specified in this act;

31 (16) own, acquire, construct, renovate, equip, improve, operate,
32 maintain, sell or lease any land, buildings or facilities in the state that can
33 be used in researching, developing, sponsoring or commercializing
34 bioscience in the state including, without limitation, a state-of-the-art
35 facility, laboratory or commercial wet lab space incubator to be used by
36 the authority, and also to be made available for use by bioscience research
37 institutions or Kansas companies conducting bioscience research and
38 development for bioscience research, commercialization and technology
39 transfer of bioscience products, processes and other intellectual property in
40 accordance with the provisions of this act;

41 (17) incur or assume indebtedness to, and enter into contracts with
42 the Kansas development finance authority, which is authorized to borrow
43 money, issue bonds and provide financing for the authority;

1 (18) develop policies and procedures generally applicable to the
2 procurement of goods, services and construction, based upon sound
3 business practices;

4 (19) solicit, study and assist in the preparation of business plans and
5 proposals of new or established businesses to advance the biosciences in
6 the state;

7 (20) own and possess patents, copyrights, trademarks and proprietary
8 technology and to enter into contracts for the purposes of commercializing
9 and establishing charges for the use of such patents, copyrights,
10 trademarks and proprietary technology involving bioscience;

11 (21) contract for and to accept any gifts, grants and loans of funds,
12 property or any other aid in any form from the federal government, the
13 state, any state agency or any other source, or any combination thereof,
14 and to comply with the provisions of the terms and conditions thereof;

15 (22) acquire space, equipment, services, supplies and insurance
16 necessary to carry out the purposes of this act;

17 (23) deposit any moneys of the authority in any banking institution
18 within or without the state or in any depository authorized to receive such
19 deposits, one or more persons to act as custodians of the moneys of the
20 authority;

21 (24) procure such insurance, participate in such insurance plans or
22 provide such self-insurance or both as it deems necessary or convenient to
23 carry out the purposes and provisions of this act; the purchase of
24 insurance, participation in an insurance plan or creation of a self-insurance
25 fund by the authority shall not be deemed as a waiver or relinquishment of
26 any sovereign immunity to which the authority or its officers, directors,
27 employees or agents are otherwise entitled;

28 (25) appoint, supervise and set the salary and compensation of the
29 president, who shall be appointed by and serve at the pleasure of the
30 board;

31 (26) fix, revise, charge and collect rates, rentals, fees and other
32 charges for the services or facilities furnished by or on behalf of the
33 authority, and to establish policies and procedures regarding any such
34 service rendered for the use, occupancy or operation of any such facility;
35 such charges and policies and procedures not to be subject to supervision
36 or regulation by any commission, board, bureau or agency of the state; and

37 (27) do any and all things necessary or convenient to carry out the
38 authority's purposes and exercise the powers given in this act.

39 (b) The authority may create, own in whole or in part, or otherwise
40 acquire or dispose of any entity organized for a purpose related to or in
41 support of the mission of the authority.

42 (c) The authority may participate in joint ventures and collaborate
43 with any taxpayer, governmental body or agency, insurer, university and

1 college of the state, or any other entity to facilitate any activities or
2 programs consistent with the purpose and intent of this act.

3 (d) (1) The authority may create a nonprofit entity or entities for the
4 purpose of soliciting, accepting and administering grants, outright gifts and
5 bequests, endowment gifts and bequests, and gifts and bequests in trust,
6 which entity or entities shall not engage in trust business. The nonprofit
7 entity created in this subsection may expend such funds through grants or
8 loans to further the purpose of bioscience authority activities including, but
9 not limited to, issuing grants to high schools for the purpose of creating
10 bioscience academies and to Kansas universities and colleges for the
11 purpose of increasing the number of students majoring in bioscience,
12 science education and math education. The authority may set requirements
13 for curricula, teaching credentials and any other items and procedures
14 incidental to establishing the grant programs.

15 (2) Grants made pursuant to this subsection shall be based on
16 requirements established by the nonprofit entity and may include, but not
17 be limited to, requirements for eligibility, grant applications,
18 organizational characteristics and standards for eligibility and
19 accountability as are deemed advisable by the nonprofit entity.

20 (3) The authority may not create any political action committee or
21 contribute to any political action committee.

22 (e) In carrying out any activities authorized by this act, the authority
23 may provide appropriate assistance, including the making of loans and
24 providing time of employees, to any taxpayer, governmental body or
25 agency, insurer, university and college of the state, or any other entity,
26 whether or not any such taxpayer, governmental body or agency, insurer,
27 university and college of the state, or any other entity is owned or
28 controlled in whole or in part, directly or indirectly, by the authority.

29 (f) Notwithstanding any provision of law to the contrary, the authority
30 may invest the funds received from gifts, grants, donations and other
31 operations of the authority in such investments as would be lawful for a
32 private corporation having purposes similar to the authority including
33 preseed, seed capital and venture capital funds whose purpose is to
34 commercialize bioscience intellectual property, and in any obligations or
35 securities as authorized by the board. Prior to making any investments, the
36 board shall adopt written investment guidelines.

37 (g) Except as provided in this act, all moneys earned or received by
38 the authority, including all funds derived from the commercialization of
39 bioscience products by the authority, or any affiliate or subsidiary thereof,
40 or from the Kansas bioscience development and investment fund, shall
41 belong exclusively to the authority.

42 (h) In accordance with subsection (i) below, the authority shall direct
43 and manage the commercialization of bioscience intellectual property

1 created by eminent scholars and rising star scholars who are employed by
2 bioscience research institutions or the authority or both. Prior to the
3 authority providing any financial support or funding to the bioscience
4 research institutions, the authority and the bioscience research institutions
5 must enter into an agreement that will govern each party's respective duties
6 and responsibilities with respect to technology transfer and
7 commercialization of any such bioscience intellectual property. Such
8 agreements between the authority and the bioscience research institutions
9 shall address the sharing of revenue from any such bioscience intellectual
10 property, the technology transfer of such bioscience intellectual property,
11 patent application filing and maintenance fees, assumption of risks and the
12 terms of ownership of such bioscience intellectual property. The authority
13 and the bioscience research institutions shall have authority to freely
14 negotiate. If conflicts arise, all terms and provisions of such agreement
15 shall prevail and govern over any policy of a bioscience research
16 institution or the Kansas board of regents.

17 (i) The authority will take steps to reasonably ensure that it does not
18 duplicate existing commercialization efforts already located in the state.
19 After the five-year period from the effective date of this act, the authority
20 may sell, license, contribute or provide bioscience intellectual property to
21 any third party, or provide services, facilities or assistance to any third
22 party, for a fee, for an ownership interest in the third party, or other
23 consideration, so as to commercialize bioscience technology. The authority
24 may take all such actions necessary to commercialize any technology in
25 which the authority has an interest.

26 (j) The authority shall prepare an annual report to the legislature and
27 the governor on all distributions from the bioscience development and
28 investment fund, and income, investment and income tax credits and
29 exemptions attributed to bioscience authority activity. The authority with
30 assistance from the department of revenue shall prepare an annual report
31 summarizing the growth of bioscience research and industry in Kansas.

32 (k) The authority shall be subject to review by ~~Kansas, Inc.~~ *the*
33 *secretary of commerce*. In the review, ~~Kansas, Inc.~~ *the secretary of*
34 *commerce* shall evaluate and report on the effectiveness of the activities of
35 the bioscience authority in the manner provided in K.S.A. 74-8010, and
36 amendments thereto.

37 Sec. 26. K.S.A. 2011 Supp. 74-99c07 is hereby amended to read as
38 follows: 74-99c07. (a) The Kansas center for entrepreneurship shall
39 transmit annually to the governor, the secretary, the standing committee on
40 commerce in the senate, the standing committee on economic development
41 in the house of representatives, *and* the joint committee on economic
42 development ~~and Kansas, Inc.~~ a report stating what tax credits have been
43 issued during the preceding year and based on information provided by the

1 regional or local community seed capital fund or economic development
2 agency, describing the following: (1) the manner in which the purpose, as
3 described in this act, has been carried out, (2) the total grants given to
4 community seed capital funds or economic development agencies during
5 the preceding year and cumulatively since the inception of this act, (3) the
6 number of companies and jobs created or preserved by the grants given
7 under this act and their location, and (4) an estimate of the multiplier effect
8 on the Kansas economy of the grants made pursuant to this act.

9 (b) The center shall be subject to an audit by the legislative division
10 of post audit.

11 Sec. 27. K.S.A. 2011 Supp. 74-99e02 is hereby amended to read as
12 follows: 74-99e02. (a) There is hereby established a body politic and
13 corporate to be known as the Kansas commission on rural policy. The
14 commission shall be an independent instrumentality of the state. The
15 exercise by the commission of the powers conferred by this act shall be
16 deemed and held to be the performance of an essential governmental
17 function.

18 (b) (1) The Kansas commission on rural policy shall consist of ~~12~~ 11
19 members.

20 (2) Nine members of the commission shall be voting members
21 appointed as follows: Three shall be appointed by the governor, two shall
22 be appointed by the speaker of the house of representatives, two shall be
23 appointed by the president of the senate, one shall be appointed by the
24 minority leader of the house of representatives and one shall be appointed
25 by the minority leader of the senate. Each person appointed to the
26 commission shall be recognized for outstanding knowledge and leadership
27 in one of the following business sectors or key areas:

- 28 (A) Agriculture;
- 29 (B) oil and gas;
- 30 (C) aviation;
- 31 (D) finance and banking;
- 32 (E) tourism;
- 33 (F) any other primary, job creating, value added business sector;
- 34 (G) fostering leadership;
- 35 (H) encouraging wealth retention and generation;
- 36 (I) developing entrepreneurship;
- 37 (J) retaining youth in rural communities; and
- 38 (K) health care.

39 (3) (A) Except as provided by paragraph (B) for members first
40 appointed to the commission, voting members shall be appointed for terms
41 of four years and until a successor is appointed and qualified.

42 (B) The terms of the voting members first appointed to the
43 commission shall expire as follows: The terms of members appointed by

1 the governor shall expire on June 30, 2012; the terms of members
2 appointed by the president and minority leader of the senate shall expire
3 on June 30, 2011; and the terms of members appointed by the speaker and
4 minority leader of the house of representatives shall expire on June 30,
5 2010.

6 (4) The other ~~three~~ *two* members of the commission shall serve *ex*
7 *officio*: The secretary of commerce; *and* the secretary of agriculture ~~and~~
8 ~~the president of Kansas, Inc.~~ Each *ex officio* member of the commission
9 may designate an officer or employee of the state agency or organization
10 of the *ex officio* member to serve on the commission in place of the *ex*
11 *officio* member. The *ex officio* members of the commission, or their
12 designees, shall be nonvoting members of the commission and shall
13 provide information and advice to the commission.

14 (c) The commission shall elect annually from among its voting
15 members a chairperson, vice-chairperson and secretary. Five voting
16 members of the commission shall constitute a quorum and the affirmative
17 vote of five members shall be necessary for any action taken by the
18 commission. No vacancy in the membership of the commission shall
19 impair the right of a quorum to exercise all the rights and perform all the
20 duties of the commission.

21 (d) Members of the commission attending any meeting of the
22 commission or any subcommittee meeting authorized by the commission
23 shall be paid amounts as provided in K.S.A. 75-3223, and amendments
24 thereto.

25 (e) All resolutions and orders of the commission shall be recorded
26 and authenticated by the signature of the secretary or a person designated
27 by the secretary. The book of resolutions, orders, minutes of open
28 meetings, annual reports and annual financial statements of the
29 commission shall be public records as defined by K.S.A. 45-215 *et seq.*,
30 and amendments thereto. All public records shall be subject to regular
31 audit as provided in K.S.A. 46-1106, and amendments thereto.

32 (f) The commission is hereby authorized to engage legal counsel,
33 expert advisers or executive staff to carry out the duties of the commission.
34 Compensation for such counsel, advisers or staff shall be determined by
35 the commission within the limits of available funds.

36 (g) The commission is hereby authorized to accept grants, gifts,
37 bequests and other financial or in-kind contributions.

38 (h) To facilitate the organization and start-up of the commission, the
39 department of commerce shall provide administrative assistance until such
40 time as the commission has resources to provide staffing on its own. In no
41 event shall such assistance continue beyond September 1, 2010.

42 Sec. 28. K.S.A. 2011 Supp. 75-2935 is hereby amended to read as
43 follows: 75-2935. The civil service of the state of Kansas is hereby divided

1 into the unclassified and the classified services.

2 (1) The unclassified service comprises positions held by state officers
3 or employees who are:

4 (a) Chosen by election or appointment to fill an elective office;

5 (b) members of boards and commissions, heads of departments
6 required by law to be appointed by the governor or by other elective
7 officers, and the executive or administrative heads of offices, departments,
8 divisions and institutions specifically established by law;

9 (c) except as otherwise provided under this section, one personal
10 secretary to each elective officer of this state, and in addition thereto, 10
11 deputies, clerks or employees designated by such elective officer;

12 (d) all employees in the office of the governor;

13 (e) officers and employees of the senate and house of representatives
14 of the legislature and of the legislative coordinating council and all officers
15 and employees of the office of revisor of statutes, of the legislative
16 research department, of the division of legislative administrative services,
17 of the division of post audit and the legislative counsel;

18 (f) chancellor, president, deans, administrative officers, student health
19 service physicians, pharmacists, teaching and research personnel, health
20 care employees and student employees in the institutions under the state
21 board of regents, the executive officer of the board of regents and the
22 executive officer's employees other than clerical employees, and, at the
23 discretion of the state board of regents, directors or administrative officers
24 of departments and divisions of the institution and county extension
25 agents, except that this subsection (1)(f) shall not be construed to include
26 the custodial, clerical or maintenance employees, or any employees
27 performing duties in connection with the business operations of any such
28 institution, except administrative officers and directors; as used in this
29 subsection (1)(f), "health care employees" means employees of the
30 university of Kansas medical center who provide health care services at
31 the university of Kansas medical center and who are medical technicians
32 or technologists or respiratory therapists, who are licensed professional
33 nurses or licensed practical nurses, or who are in job classes which are
34 designated for this purpose by the chancellor of the university of Kansas
35 upon a finding by the chancellor that such designation is required for the
36 university of Kansas medical center to recruit or retain personnel for
37 positions in the designated job classes; and employees of any institution
38 under the state board of regents who are medical technologists;

39 (g) operations, maintenance and security personnel employed to
40 implement agreements entered into by the adjutant general and the federal
41 national guard bureau, and officers and enlisted persons in the national
42 guard and the naval militia;

43 (h) persons engaged in public work for the state but employed by

1 contractors when the performance of such contract is authorized by the
2 legislature or other competent authority;

3 (i) persons temporarily employed or designated by the legislature or
4 by a legislative committee or commission or other competent authority to
5 make or conduct a special inquiry, investigation, examination or
6 installation;

7 (j) officers and employees in the office of the attorney general and
8 special counsel to state departments appointed by the attorney general,
9 except that officers and employees of the division of the Kansas bureau of
10 investigation shall be in the classified or unclassified service as provided
11 in K.S.A. 75-711, and amendments thereto;

12 (k) all employees of courts;

13 (l) client, patient and inmate help in any state facility or institution;

14 (m) all attorneys for boards, commissions and departments;

15 (n) the secretary and assistant secretary of the Kansas state historical
16 society;

17 (o) physician specialists, dentists, dental hygienists, pharmacists,
18 medical technologists and long-term care workers employed by the
19 department of social and rehabilitation services;

20 (p) physician specialists, dentists and medical technologists employed
21 by any board, commission or department or by any institution under the
22 jurisdiction thereof;

23 (q) student employees enrolled in public institutions of higher
24 learning;

25 (r) administrative officers, directors and teaching personnel of the
26 state board of education and the state department of education and of any
27 institution under the supervision and control of the state board of
28 education, except that this subsection (1)(r) shall not be construed to
29 include the custodial, clerical or maintenance employees, or any
30 employees performing duties in connection with the business operations of
31 any such institution, except administrative officers and directors;

32 (s) all officers and employees in the office of the secretary of state;

33 (t) one personal secretary and one special assistant to the following:
34 The secretary of administration, the secretary of aging, the secretary of
35 agriculture, the secretary of commerce, the secretary of corrections, the
36 secretary of health and environment, the superintendent of the Kansas
37 highway patrol, the secretary of labor, the secretary of revenue, the
38 secretary of social and rehabilitation services, the secretary of
39 transportation, the secretary of wildlife and parks and the commissioner of
40 juvenile justice;

41 (u) one personal secretary and one special assistant to the chancellor
42 and presidents of institutions under the state board of regents;

43 (v) one personal secretary and one special assistant to the executive

1 vice chancellor of the university of Kansas medical center;

2 (w) one public information officer and one chief attorney for the
3 following: The department of administration, the department on aging, the
4 department of agriculture, the department of commerce, the department of
5 corrections, the department of health and environment, the department of
6 labor, the department of revenue, the department of social and
7 rehabilitation services, the department of transportation, the Kansas
8 department of wildlife ~~and~~, parks *and tourism* and the commissioner of
9 juvenile justice;

10 (x) civil service examination monitors;

11 (y) one executive director, one general counsel and one director of
12 public affairs and consumer protection in the office of the state corporation
13 commission;

14 (z) specifically designated by law as being in the unclassified service;

15 (aa) ~~all officers and employees of Kansas, Inc.;~~

16 ~~(bb)~~ any position that is classified as a position in the information
17 resource manager job class series, that is the chief position responsible for
18 all information resources management for a state agency, and that becomes
19 vacant on or after the effective date of this act. Nothing in this section shall
20 affect the classified status of any employee in the classified service who is
21 employed on the date immediately preceding the effective date of this act
22 in any position that is a classified position in the information resource
23 manager job class series and the unclassified status as prescribed by this
24 subsection shall apply only to a person appointed to any such position on
25 or after the effective date of this act that is the chief position responsible
26 for all information resources management for a state agency; and

27 ~~(ee)~~(bb) positions at state institutions of higher education that have
28 been converted to unclassified positions pursuant to K.S.A. 2011 Supp. 76-
29 715a, and amendments thereto.

30 (2) The classified service comprises all positions now existing or
31 hereafter created which are not included in the unclassified service.
32 Appointments in the classified service shall be made according to merit
33 and fitness from eligible pools which so far as practicable shall be
34 competitive. No person shall be appointed, promoted, reduced or
35 discharged as an officer, clerk, employee or laborer in the classified
36 service in any manner or by any means other than those prescribed in the
37 Kansas civil service act and the rules adopted in accordance therewith.

38 (3) For positions involving unskilled, or semiskilled duties, the
39 secretary of administration, as provided by law, shall establish rules and
40 regulations concerning certifications, appointments, layoffs and
41 reemployment which may be different from the rules and regulations
42 established concerning these processes for other positions in the classified
43 service.

1 (4) Officers authorized by law to make appointments to positions in
2 the unclassified service, and appointing officers of departments or
3 institutions whose employees are exempt from the provisions of the
4 Kansas civil service act because of the constitutional status of such
5 departments or institutions shall be permitted to make appointments from
6 appropriate pools of eligibles maintained by the division of personnel
7 services.

8 Sec. 29. K.S.A. 2011 Supp. 75-2935b is hereby amended to read as
9 follows: 75-2935b. Salaries and other compensation of all persons who are
10 within the unclassified service of the Kansas civil service act, and which
11 salaries and other compensation are not fixed by statute, shall be subject to
12 the approval of the governor and such salaries or other compensation shall
13 not be paid until approved by the governor. The provisions of this section
14 shall not apply to the salaries and other compensation of any officer or
15 employee when such salary or other compensation is specifically
16 prescribed by law, nor to officers and employees of elected state officials,
17 officers and employees under the jurisdiction of the state board of regents,
18 the executive secretary and other employees of the Kansas public
19 employees retirement system that are in the unclassified service as
20 specified under K.S.A. 74-4908, and amendments thereto, ~~officers and~~
21 ~~employees of Kansas, Inc.~~, officers and employees under the jurisdiction
22 of the supreme court, legislative officers and employees or officers and
23 employees of any agency performing functions and duties primarily for the
24 legislative branch.

25 Sec. 30. K.S.A. 2011 Supp. 75-3702k is hereby amended to read as
26 follows: 75-3702k. (a) The secretary of ~~administration~~ *commerce*, for the
27 sole purpose of efficiently wrapping up and concluding the affairs of
28 Kansas, Inc. and satisfying any outstanding liabilities or commitments of
29 Kansas, Inc., shall be the successor in every way to the powers, duties, and
30 functions of the Kansas, Inc., and its chief executive officer and president,
31 hereinafter referred to as president, in which the same were vested prior to
32 the effective date of this order. Every act performed in the exercise of such
33 abolished powers, duties, and functions by or under the authority of the
34 secretary of ~~administration~~ *commerce* shall be performed by the existing
35 employees of the department of ~~administration~~ *commerce* and shall be
36 deemed to have the same force and effect as if performed by Kansas, Inc.,
37 or its president in which such powers, duties, and functions were vested
38 prior to the effective date of K.S.A. 2011 Supp. 74-8001a and 75-3702k
39 through 75-3702p, and amendments thereto.

40 (b) In furtherance of the sole purpose set forth in subsection (a)
41 above, whenever Kansas, Inc., or words of like effect are referred to or
42 designated by a statute, contract, memorandum of agreement or other
43 document, such reference or designation shall be deemed to apply to the

1 secretary of ~~administration~~ *commerce*.

2 (c) In furtherance of the sole purpose set forth in subsection (a)
3 above, whenever the president of Kansas Inc., or words of like effect are
4 referred to or designated by a statute, contract, memorandum of agreement
5 or other document, such reference or designation shall be deemed to apply
6 to the secretary of ~~administration~~ *commerce*.

7 (d) In furtherance of the sole purpose set forth in subsection (a)
8 above, all rules and regulations, orders, and directives of Kansas, Inc., or
9 its president which are in effect on the effective date of K.S.A. 2011 Supp.
10 74-8001a and 75-3702k through 75-3702p, and amendments thereto, shall
11 continue to be effective and shall be deemed to be rules and regulations,
12 orders, and directives of the secretary of ~~administration~~ *commerce*, until
13 revised, amended, revoked or nullified pursuant to law.

14 (e) In furtherance of the sole purpose set forth in subsection (a)
15 above, all orders and directives of the Kansas, Inc., or its president in
16 existence on the effective date of K.S.A. 2011 Supp. 74-8001a and 75-
17 3702k through 75-3702p, and amendments thereto, shall continue to be
18 effective and shall be deemed to be orders and directives of the secretary
19 of ~~administration~~ *commerce*, until revised, amended or nullified pursuant
20 to law.

21 Sec. 31. K.S.A. 2011 Supp. 75-3702l is hereby amended to read as
22 follows: 75-3702l. (a) The secretary of ~~administration~~ *commerce* shall
23 succeed to whatever right, title or interest that Kansas, Inc., has acquired in
24 any real property in this state, and the secretary of ~~administration~~
25 *commerce* shall hold the same for and in the name of the state of Kansas.

26 (b) Whenever any statute, contract, deed or other document concerns
27 the power or authority of Kansas, Inc., or its president to acquire, hold or
28 dispose of real property or any interest therein, the secretary of
29 ~~administration~~ *commerce* shall succeed to such power or authority.

30 Sec. 32. K.S.A. 2011 Supp. 75-3702m is hereby amended to read as
31 follows: 75-3702m. The secretary of ~~administration~~ *commerce* shall have
32 the legal custody of all records, memoranda, writings, entries, prints,
33 representations, electronic data or combinations thereof of any act,
34 transaction, occurrence or event of Kansas, Inc., or its president.

35 Sec. 33. K.S.A. 2011 Supp. 75-3702n is hereby amended to read as
36 follows: 75-3702n. (a) The balances of all funds or accounts thereof
37 appropriated or reappropriated for Kansas, Inc., relating to the powers,
38 duties, and functions abolished by K.S.A. 2011 Supp. 74-8001a and 75-
39 3702k through 75-3702p, and amendments thereto, are hereby transferred
40 within the state treasury to the department of ~~administration~~ *commerce* and
41 shall be used only for the purpose for which the appropriation was
42 originally made.

43 (b) Liability for all accrued compensation or salaries of officers and

1 employees who are employees of Kansas, Inc., during the period
2 commencing on the first day of the first payroll period chargeable to fiscal
3 year 2012 and ending in on June 30, 2011, shall be assumed and paid by
4 the department of ~~administration~~ *commerce*.

5 Sec. 34. K.S.A. 74-5007a, 74-50,101, 74-8003, 74-8009a, 74-8011,
6 74-8012, 74-8013, 74-8014, 74-8015, 74-8016, 74-8204, 74-8310 and 74-
7 9306 and K.S.A. 2011 Supp. 12-17,169, 12-17,177, 74-5001a, 74-5049,
8 74-5089, 74-5095, 74-50,134, 74-50,151, 74-8001, 74-8002, 74-8004, 74-
9 8005, 74-8006, 74-8007, 74-8010, 74-8102, 74-8106, 74-8111, 74-8136,
10 74-8317, 74-8405, 74-99b09, 74-99c07, 74-99c10, 74-99e02, 75-2935, 75-
11 2935b, 75-3702k, 75-3702l, 75-3702m and 75-3702n are hereby repealed.

12 Sec. 35. This act shall take effect and be in force from and after its
13 publication in the statute book.