AN ACT concerning commerce and economic development; amending
K.S.A. 19-4109, 46-1603, 46-1801, 74-5001a, 74-5080, 74-8105, 74-
8204, 74-8310 and 74-8317 and K.S.A. 2010 Supp. 12-1771a, 44-
566a, 74-5002s, 74-5049, 74-50,104, 74-8001, 74-8002, 74-8004, 74-
8101, 74-8135, 74-8136, 74-8405 and 74-99c07 and repealing the
existing sections.

Be it enacted by the Legislature of the State of Kansas:
Section 1. K.S.A. 2010 Supp. 12-1771a is hereby amended to read
as follows: 12-1771a. (a) The governing body of a city may establish an
increment in ad valorem taxes using the procedure set forth in subsection
(b) for projects that are initiated upon a finding that the area is a blighted
area as defined under K.S.A. 12-1770a, and amendments thereto, when
the following conditions exist:
1. The proposed district has been identified by the Kansas
department of health and environment or the United States environmental
protection agency to be an environmentally contaminated area;
2. The city has entered into a consent decree or settlement
agreement or has taken action expressing an intent to enter into a consent
decree or settlement agreement with the Kansas department of health and
environment or the United States environmental protection agency that
addresses the investigation and remediation of the environmental
contamination;
3. The consent decree or settlement agreement contains a provision
that has the effect of releasing property owners who are not responsible
for the contamination from the responsibility of paying the response costs
of the investigation and remediation of the contamination; and
4. The city intends to establish a redevelopment district pursuant to
K.S.A. 12-1771, and amendments thereto, to finance, in whole or in part,
the investigation and remediation of contamination within such district.
(b) An environmental increment established after a city has found
that the conditions described in subsection (c) of K.S.A. 12-1770a, and
amendments thereto, exist shall be set on a yearly basis. For
purposes of this section, a yearly basis shall be a calendar year. Each
year's increment shall be an amount sufficient to pay the direct costs of
investigation and remediation of the contaminated condition anticipated
to be incurred that year including principal and interest due on any special
obligation bonds or full faith and credit tax increment bonds issued to
finance in whole or in part the remediation and investigation, costs
relating to remediation investigation and feasibility studies, operation and
maintenance expenses and other expenses relating directly to the
investigation and remediation of contamination. Each year's
environmental increment shall not exceed 20% of the amount of taxes
that are produced by all taxing subdivisions within any currently existing
or subsequently created redevelopment district area in the year the
redevelopment district is first established, notwithstanding that such
subdivision was not required to receive notice of the establishment of the
district.

(c) The budget that establishes the yearly environmental increment
shall be certified by the city to the county clerk and county treasurer no
later than August 25th, preceding the calendar year for which the budget
is being set. Funds derived from an environmental increment established
by this section and interest on all funds derived from an environmental
increment established by this section may be used only for projects
involving the investigation and remediation of contamination in the
district.

(d) The real property taxes produced by the environmental
increment established under subsection (b) from a redevelopment district
established under the provisions of K.S.A. 12-1771, and amendments
thereto, and this section shall be allocated and paid by the county
treasurer to the treasurer of the city and deposited in a special separate
fund of the city to pay the direct cost of investigation and remediation of
contamination in the redevelopment district. Any funds collected by the
city from parties determined to be responsible in any manner for the
contaminated condition shall be: (1) Deposited in the same separate
special fund created hereunder, and with all interest earned thereon, may
be used only for projects involving the investigation and remediation of
contamination in the established redevelopment district; or (2) distributed
to parties who have entered into a contract with the city to pay a portion
of investigation and remediation of the contamination in the
redevelopment district and the terms of such contract provide that such
parties are entitled to reimbursement for a portion of funds they have
expended for such investigation and remediation of contamination from
the recovery of costs that are collected from other third party responsible
parties.

(e) A redevelopment district created under the provisions of this
section shall constitute a separate taxing district. If all costs for such
investigation and remediation of contamination in the redevelopment
district have been paid and moneys remain in the special fund, such
moneys shall be remitted to each taxing subdivision which paid moneys into the special fund on the basis of the proportion which the total amount of moneys paid by such taxing subdivision into the special fund bears to the total amount of all moneys paid by all taxing subdivisions into the fund.

(f) Nothing in this section shall prevent any city from establishing a redevelopment district for other purposes pursuant to K.S.A. 12-1770 et seq., and amendments thereto, which may include part or all of the real property included in the district established under this section.

(g) Redevelopment projects relating to environmental investigation and remediation under this section shall be completed within 20 years from the date the Kansas department of health and environment or the United States environmental protection agency issues an order or enters into a consent decree with the governing body of the city approving such project, unless the board of county commissioners and the board of education identified in K.S.A. 12-1771, and amendments thereto, approve a request in writing from the city to extend the project a maximum of 10 years beyond the original 20.

(h) Nothing in this section shall be construed to affect the obligations of the county to annually review the fair market value of property in accordance with procedures set by law or to affect the right of any taxpayer to protest and appeal the appraised or reappraised value of their property in accordance with procedures set forth by law.

(i) Commencing with the regular session of the legislature in 1993, each city that establishes a redevelopment district under this section shall make a status report on a biennial basis to the standing committee on commerce of the senate and the standing committee on commerce and economic development of the house of representatives during the month of January. The status report shall contain information on the status of the investigation and remediation of contamination in the redevelopment district.

(j) For the purposes of this act, the governing body of a city, in contracts entered into with the Kansas department of health and environment or the United States environmental protection agency, may pledge increments receivable in future years to pay costs directly relating to the investigation and remediation of environmentally contaminated areas. The provisions in such contracts pertaining to pledging increments in future years shall not be subject to K.S.A. 10-1101 et seq. or 79-2925 et seq., and amendments thereto.

Sec. 2. K.S.A. 19-4109 is hereby amended to read as follows: 19-4109. (a) The secretary shall transmit annually to the governor, the standing committee on commerce of the senate, the standing committee on commerce and economic development of the house of representatives
and the joint committee on economic development, a report, based upon
information received from each qualified manufacturer for which benefits
have been issued during the preceding year, describing the following: (1)
The manner in which the purpose, as described in this act, has been
carried out;
(2) an estimate of jobs created and jobs preserved by cash
investments made in qualified manufacturers; and
(3) an estimate of the multiplier effect on the Kansas economy of the
cash investments made pursuant to this act.
(b) The secretary shall conduct an annual review of the activities
undertaken pursuant to this act to ensure that benefits issued pursuant to
this act are issued in compliance with the provisions of this act or rules
and regulations promulgated by the department with respect to this act.
(c) Any violation of the reporting requirements set forth in this
section shall be grounds for loss of designation as a qualified
manufacturer under this section.
(d) If the secretary determines that a qualified manufacturer is not in
substantial compliance with the requirements of this act, the secretary, by
written notice, shall inform the officers of the qualified manufacturer that
such qualified manufacturer will lose its designation as a qualified
manufacturer unless such qualified manufacturer corrects the deficiencies
and is once again in compliance with the requirements for designation.
Sec. 3. K.S.A. 2010 Supp. 44-566a is hereby amended to read as
follows: 44-566a. (a) There is hereby created in the state treasury the
workers compensation fund. The commissioner of insurance shall be
responsible for administering the workers compensation fund, and all
payments from the workers compensation fund shall be upon warrants of
the director of accounts and reports issued pursuant to vouchers approved
by the commissioner of insurance or a person or persons designated by
the commissioner. The commissioner of insurance annually shall report to
the governor and the legislature the receipts and disbursements from the
workers compensation fund during the preceding fiscal year.
(b) (1) On June 1 of each year, the commissioner of insurance shall
impose an assessment against all insurance carriers, self-insurers and
group-funded workers compensation pools insuring the payment of
compensation under the workers compensation act, and the same shall be
due and payable to the commissioner on the following July 1, the
proceeds of which shall be credited to the workers compensation fund.
The total amount of each such assessment shall be equal to an amount
sufficient, in the opinion of the commissioner of insurance, to pay all
amounts, including attorney fees and costs, which may be required to be
paid from such fund during the current fiscal year, less the amount of the
estimated unencumbered balance in the workers compensation fund as of
the June 30 immediately preceding the date the assessment is due and payable under this section. The total amount of each such assessment shall be apportioned among those upon whom it is imposed, such that each is assessed an amount that bears the same relation to such total assessment as the amount of money paid or payable in workers compensation claims by such insurance carrier, self-insurer or group-funded workers compensation pool in the immediately preceding calendar year bears to all such claims paid or payable during such calendar year. The commissioner of insurance may establish experience-based rates of assessments under this subsection and make adjustments in the assessments imposed under this subsection based on the success of accident prevention programs under K.S.A. 44-5,104, and amendments thereto, and other employer safety programs.

(2) The commissioner of insurance shall remit all moneys received by or for such commissioner under this subsection to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the workers compensation fund.

(c) (1) Whenever the workers compensation fund may be made liable for the payment of any amounts in proceedings under the workers compensation act, the commissioner of insurance, in the capacity of administrator of such fund, shall be impleaded in such proceedings and shall represent and defend the workers compensation fund. The commissioner of insurance shall be deemed impleaded in any such proceedings whenever written notice of the proceedings setting forth the nature of the liability asserted against the workers compensation fund, is given to the commissioner of insurance. The commissioner of insurance may be made a party in this manner by any party to the proceedings. A copy of the written notice shall be given to the director and to all other parties to the proceedings.

(2) The administrative law judge shall dismiss the workers compensation fund from any proceeding where the administrative law judge has determined that there is insufficient evidence to indicate involvement by the workers compensation fund.

(3) In any case in which the workers compensation fund has been impleaded by the employer or insurance carrier and where an award has been entered deciding all of the issues in the employee's claim against the employer, but not deciding the issues between the employer and the fund, the fund may file an application with the administrative law judge requesting that the fund be dismissed from the case with prejudice. The employer shall have a period of six months from the filing of the application in which to complete the employer's evidence on the fund
issues and submit the case to the administrative law judge for decision. The fund shall then have a period of 60 days after the submission of the employer's evidence to submit its own evidence concerning the fund issues in the case. If the employer fails to do so, the administrative law judge shall dismiss the fund from the case with prejudice on the judge's own motion.

(d) The commissioner of insurance, in the capacity of administrator of the workers compensation fund, may make settlements of any amounts which may be payable from the workers compensation fund with regard to any claim under the workers compensation act, subject to the approval of the director.

(e) The workers compensation fund shall be liable for:

(1) Payment of awards to handicapped employees in accordance with the provisions of K.S.A. 44-569, and amendments thereto, for claims arising prior to July 1, 1994;

(2) payment of workers compensation benefits to an employee who is unable to receive such benefits from such employee's employer under the conditions prescribed by K.S.A. 44-532a, and amendments thereto;

(3) reimbursement of an employer or insurance carrier pursuant to the provisions of K.S.A. 44-534a, and amendments thereto, subsection (d) of K.S.A. 44-556, and amendments thereto, subsection (c) of K.S.A. 44-569, and amendments thereto, and K.S.A. 44-569a, and amendments thereto;

(4) payment of the actual expenses of the commissioner of insurance which are incurred for administering the workers compensation fund, subject to the provisions of appropriations acts; and

(5) any other payments or disbursements provided by law.

(f) If it is determined that the workers compensation fund is not liable as described in subsection (e), attorney fees incurred by the workers compensation fund may be assessed against the party who has impled the workers compensation fund other than impleadings pursuant to K.S.A. 44-532a, and amendments thereto.

(g) The commissioner of insurance shall provide for the implementation of the workers compensation fund as provided in this section and shall be responsible for ensuring the fund's adequacy to meet and pay claims awarded against it.

(h) The commissioner of insurance shall make an annual report to the legislative coordinating council, senate committee on commerce and labor, economic development during January of each year. The report shall include recommendations to the legislature on the advisability of continuation or termination of the workers compensation fund or any provisions of the workers compensation act relating thereto, an analysis of the federal Americans
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with disabilities act and its effect on the workers compensation fund and
recommendations on ways to reduce claim and operational costs of the
workers compensation fund.

(i) The commissioner of insurance, or the commissioner's designee,
shall provide any consulting actuarial firm contracting with the director of
workers compensation or the legislative coordinating council with such
information or materials pertaining to the workers compensation fund
deemed necessary by the actuarial firm for performing the requirements
of any actuarial reviews of the workers compensation fund for the
director of workers compensation or the legislative coordinating council
notwithstanding any confidentiality prohibition, restriction or limitation
imposed on such information or materials by any other law. The
consulting actuarial firm and all employees and former employees thereof
shall be subject to the same duty of confidentiality imposed by law on
other persons or state agencies with regard to information and materials
so provided and shall be subject to any civil or criminal penalties imposed
by law for violations of such duty of confidentiality. Any reports of the
consulting actuarial firm shall be made in a manner which will not
reveal directly or indirectly the name of any persons or entities or
individual reserve information involved in claims against the workers
compensation fund. Information provided to the actuary shall not be
subject to discovery, subpoena or other means of legal compulsion in any
civil proceedings and shall be returned by the actuary to the
commissioner of insurance.

Sec. 4. K.S.A. 46-1603 is hereby amended to read as follows: 46-
1603. There is hereby established a standing committee of the house of
representatives known as the house committee on commerce and
economic development. The members of the committee shall be
appointed in the same manner as members of other standing committees
of the house of representatives. Laws and rules applicable to other
standing committees of the house of representatives shall apply to the
house economic development committee.

Sec. 5. K.S.A. 46-1801 is hereby amended to read as follows: 46-
1801. (a) There is hereby established a joint committee on the arts and
cultural resources which shall consist of five senators and five members
of the house of representatives. The senate members shall be appointed
by the committee on organization, calendar and rules. The house of
representative members shall be appointed by the speaker of the house of
representatives. Not less than one representative member shall be a
member of the house committee on appropriations and not less than one
senator member shall be a member of the senate committee on ways and
means. In addition, not less than one representative member shall be a
member of the house committee on commerce and economic
development and not less than one senator member shall be a member of
the senate committee on commerce. The committee on organization,
calendar and rules shall designate a senator member to be chairperson or
vice-chairperson of the joint committee as provided in this section. The
speaker of the house of representatives shall designate a representative
member to be chairperson or vice-chairperson of the joint committee as
provided in this section.

(b) A quorum of the joint committee on the arts and cultural
resources shall be six. All actions of the committee may be taken by a
majority of those present when there is a quorum. In odd-numbered years
the chairperson of the joint committee shall be the designated member of
the house of representatives from the convening of the regular session in
that year until the convening of the regular session in the next ensuing
year. In even-numbered years the chairperson of the joint committee shall
be the designated member of the senate from the convening of the regular
session of that year until the convening of the regular session of the next
ensuing year. The vice-chairperson shall exercise all of the powers of the
chairperson in the absence of the chairperson.

(c) The joint committee on the arts and cultural resources shall
study, investigate and analyze the following matters:

(1) The goals appropriate to the future of the arts and cultural life of
Kansas including, but not limited to, the following: Public art; individual
artists; films, video, radio and music; and historic preservation;

(2) the role the legislature and state government should play in the
achievement of these goals;

(3) arts legislation in other states and at the federal level;

(4) the budget and programs of the Kansas arts commission and
other state supported arts and cultural programs and agencies;

(5) the present status of arts education in Kansas; and

(6) the economic impact of arts and cultural resources in Kansas.

(d) The joint committee shall report to the legislature on or before
December 31 each year any finding and recommendations concerning the
arts in Kansas which the joint committee deems appropriate. The joint
committee may introduce such legislation as it deems necessary in
performing its functions.

(e) The joint committee on the arts and cultural resources shall meet
on call of the chairperson as authorized by the legislative coordinating
council. All such meetings shall be held in Topeka, unless authorized to
be held in a different place by the legislative coordinating council.
Members of the joint committee shall receive compensation and travel
expenses and subsistence expenses or allowances as provided in K.S.A.
75-3212, and amendments thereto, when attending meetings of such
committee authorized by the legislative coordinating council.
(f) Amounts paid under authority of this section shall be paid from appropriations for legislative expense and vouchers therefor shall be prepared by the director of legislative administrative services and approved by the chairperson or vice-chairperson of the legislative coordinating council.

Sec. 6. K.S.A. 74-5001a is hereby amended to read as follows: 74-5001a. The purpose of the department of commerce shall be to develop and implement strategies to:

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

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

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

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

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

(f) forge a supportive partnership with the standing committee on commerce of the senate, the standing committee on commerce and economic development of the house of representatives and the joint committee on economic development, Kansas, Inc., the Kansas technology enterprise corporation, Kansas venture capital, Inc., Kansas certified development companies, Kansas small business development centers, Kansas public and private educational institutions, and other appropriate private and public sector organizations in achieving the economic goals of the state.

Sec. 7. K.S.A. 2010 Supp. 74-5002s is hereby amended to read as follows: 74-5002s. (a) There is hereby established, within the Kansas department of commerce, a division of workforce development. The head of the division shall be the director of workforce development, who shall be appointed by and serve at the pleasure of the secretary of the department of commerce. The director shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of commerce, with the approval of the governor. Under the supervision of the secretary of commerce, the director of workforce development shall administer the division of workforce development.
(b) The monitoring unit of the division of workforce development shall report annually, on or before January 15, to the senate committee on commerce, the house committee on commerce and economic development and tourism and the joint committee on economic development, and any successor committees thereto, on the monitoring activities of the division during the preceding calendar year, any problems within workforce development activities, compliance with federal and state requirements and such other matters concerning workforce development which the monitoring unit deems appropriate.

Sec. 8. K.S.A. 2010 Supp. 74-5049 is hereby amended to read as follows: 74-5049. (a) In order to insure that the department of commerce is effectively administering this act, the department shall cooperate with the standing committee on commerce of the senate, the standing committee on new economy commerce and economic development of the house of representatives and the joint committee on economic development and Kansas, Inc., in the performance of an independent performance review of the activities of the department and the departmental divisions. The review shall include, but not be limited to: (1) An assessment of the impacts of the department's programs corresponding to the strategic plans of the department and the departmental divisions; (2) a comparative assessment of the relative impact of the department's programs with similar programs in other states; and (3) a comparative assessment of the targeting of the department's programs by size and sector of economic activity, and by location in different areas of the state. The review shall be completed or updated at least once every three years.

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

Sec. 9. K.S.A. 74-5080 is hereby amended to read as follows: 74-5080. The secretary shall prepare and submit, as a part of the annual report required by K.S.A. 74-5049, and amendments thereto, a report of activities under the trade show promotion act to the standing committee on commerce of the senate and the standing committee on commerce and economic development of the house of representatives at the beginning of each regular session of the legislature. The report shall contain information concerning the types of Kansas small business concerns receiving financial assistance for participation in trade shows and the results obtained from such participation.

Sec. 10. K.S.A. 2010 Supp. 74-50,104 is hereby amended to read as follows: 74-50,104. (a) The secretary shall administer the provisions of this act and the IMPACT program established thereunder. The secretary shall encourage Kansas basic enterprises with similar training needs to cooperate in establishing SKILL projects. The secretary shall coordinate the SKILL program with other job training programs administered by the department of commerce. The secretary shall provide opportunities for coordination and cooperation of SKILL projects with other job training activities in Kansas. Subject to the limitation in K.S.A. 74-50,103, the secretary shall be authorized to make direct investments in educational and related workforce development institutions, for the purpose of promoting improvements in workforce development, human capital, training expertise, infrastructure and job retention.

(b) The secretary shall adopt rules and regulations as follows: (1) Prescribing review standards and priorities for approval of proposed agreements under this act, including appropriate incentives for cooperation among projects, in order to maximize the number of new jobs created or retained with respect to individual Kansas basic enterprises, which will remain in Kansas, and (2) prescribing limits on program costs and on project and program size in relation to the number of new jobs created and wages of new or retained jobs. No agreement shall be approved which provides for program costs of a project under the agreement of more than 95% of the amount equal to the estimated rate of withholding tax applied to the estimated amount of gross wages of all the new or retained jobs under the project over ten 10-year period.
(c) Notice of the approval of a project or program and an annual report of the number of jobs created or retained under the IMPACT act shall be provided to the chairpersons of the senate committee on commerce and the committee on commerce and economic development of the house of representatives.

(d) The secretary may adopt such other rules and regulations as may be required for the implementation and administration of this act.

Sec. 11. K.S.A. 2010 Supp. 74-8001 is hereby amended to read as follows: 74-8001. (a) There is hereby created a body politic and corporate to be known as Kansas, Inc. Kansas, Inc. is hereby constituted a public instrumentality and the exercise of the authority and powers conferred by this act shall be deemed and held to be the performance of an essential governmental function. Kansas, Inc. shall consist of 17 predominately private sector members as follows:

   (1) The governor of Kansas;
   (2) the secretary of the Kansas department of commerce;
   (3) nine members who are appointed by the governor, subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto. Except as provided by K.S.A. 46-2601, and amendments thereto, no person appointed pursuant to this paragraph shall exercise any power, duty or function as a member of Kansas, Inc. until confirmed by the senate. Such members shall be appointed as follows:

   (A) One member from each of the primary economic sectors in the state—agriculture, oil and gas, and aviation—who are recognized for outstanding knowledge and leadership in their fields;
   (B) one member from one other primary, job creating, value added business sector who is recognized for outstanding knowledge and leadership in the member's field;
   (C) two members from the private financial sector, one of whom shall have experience in the area of high-risk venture investments, and one of whom shall have commercial banking experience in an industry of special importance to the Kansas economy, and both of whom are recognized for outstanding knowledge and leadership in their fields;
   (D) one member representing labor who is recognized for outstanding knowledge and leadership in the member's field;
   (E) one member from the professional and business services sector who is recognized for outstanding knowledge and leadership in the member's field;
   (F) one member who owns a small business and who is recognized for outstanding knowledge and leadership in that community of interest;
   (4) one member who serves as the commanding general of the Kansas cavalry;

   (5) one member who is appointed by the state board of regents from
a Kansas university and who is recognized for outstanding knowledge and leadership in the field of economic development;

(6) the speaker of the house, the house minority leader, the president of the senate, and the senate minority leader or legislators who are appointed to represent them and who will provide continuity by virtue of their membership on the standing committee on commerce and economic development of the house of representatives or the joint committee on economic development.

(b) (1) State officers who are designated as members of Kansas, Inc. under subsection (a)(1), (2), (4) and (6) shall serve by virtue of office or position.

(2) Members appointed under subsection (a)(6) shall be appointed for a term ending on the first day of the regular legislative session in odd-numbered years.

(3) Except as provided by paragraph (5) of this subsection, the member appointed under subsection (a)(5) shall serve for a term of four years.

(4) Members appointed under subsection (a)(3) shall serve for a term of four years, except that, of the members first appointed, two shall serve for a term of two years, three shall serve for a term of three years, and two shall serve for a term of four years.

(5) The terms of members appointed under paragraphs (3) and (5) of subsection (a) and who are serving on Kansas, Inc. on the effective date of this act shall expire on January 15, of the year in which such member's term would have expired under the provisions of this section prior to amendment by this act. Thereafter, members shall be appointed for terms of four years and until their successors are appointed and confirmed.

(6) In case of a vacancy in the appointive membership of Kansas, Inc., a successor shall be appointed in like manner and subject to the same qualifications and conditions as the original appointment of the member creating the vacancy.

Sec. 12. K.S.A. 2010 Supp. 74-8002 is hereby amended to read as follows: 74-8002. (a) The purpose of Kansas, Inc. shall be to:

(1) Undertake ongoing strategic analysis in order to determine the state's areas of potential and continuing competitive economic advantage and disadvantage;

(2) oversee the formulation of economic development policy and strategic planning for the state;

(3) oversee the targeting of scarce state resources by size and sector of economic activity and by geographic location within the state in order to enhance the state's potential comparative economic advantages;

(4) undertake continuing strategic planning for the improvements of
the state's tax, regulatory and expenditure policies to enhance the state's potential comparative economic advantages;

(5) oversee crisis management and opportunity management of short-term potential gains or losses in economic activity through impact analysis;

(6) serve in an advisory capacity to the Kansas department of commerce;

(7) provide appropriate oversight to ensure the successful implementation of Kansas Venture Capital, Inc.;

(8) forge a supportive partnership with the standing committee on commerce and economic development of the house of representatives and the joint committee on economic development, the governor and the secretary of commerce, the Kansas technology enterprise corporation, Kansas Venture Capital, Inc., Kansas certified development companies, Kansas small business development centers, Kansas public and private educational institutions, and other appropriate private and public sector organizations in achieving the economic goals of the state;

(9) establish goals, priorities and program standards, and evaluate the effectiveness of state economic development programs and policies according to the goals, priorities and standards established;

(10) institutionalize ongoing means of collaboration between the executive and legislative branches, the business, agricultural and financial sectors, educational institutions and local communities to create a developing Kansas economy, by increasing innovation, creativity, diversity and productivity of which is greater than any one sector can achieve acting alone; and

(11) review and evaluate the Kansas technology enterprise corporation, the major programs and activities of the department of commerce, the statewide risk capital system, the venture capital tax credit, and the investments in research and development activities tax credit.

Sec. 13. K.S.A. 2010 Supp. 74-8004 is hereby amended to read as follows: 74-8004. (a) In order to achieve its purpose as provided in this act, Kansas, Inc. shall:

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

(2) Assume central responsibility to develop, with the guidance of both the private and public sectors, all facets of a comprehensive long-term economic development strategy.
(3) Coordinate the strategy development with all other state and local agencies and offices and state educational institutions which do research work, develop materials and programs, gather statistics, or which perform functions related to economic development; and such state and local agencies and offices and state educational institutions shall advise and cooperate with Kansas, Inc. in the planning and accomplishment of the strategy.

(4) Evaluate and analyze the state's economy to guide the direction of future public and private actions, and report and make recommendations to the governor, the department of commerce, and the standing committee on commerce of the senate, the standing committee on commerce and economic development of the house of representatives and the joint committee on economic development with respect to the state's economy. The report to the committee on commerce of the senate, the committee on commerce and economic development of the house of representatives and the joint committee on economic development under this subsection shall be made by Kansas, Inc., either (A) by publishing such report on the internet and by notifying each member of the committees that the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available, or (B) by submitting copies of such report on CD-ROM or other electronically readable media to such committees.

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

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

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

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

(9) Review and evaluate the annual reports of the department of commerce, Kansas technology enterprise corporation and Kansas Venture Capital, Inc. Kansas, Inc., shall transmit recommendations concerning the agencies' activities to the governor and the legislature no later than September 1 of each year.

(10) Evaluate and report on the effectiveness of the activities of the Kansas bioscience authority as provided in K.S.A. 2010 Supp. 74-99b09, and amendments thereto.

(b) Kansas, Inc., shall seek advice from the general public and from professional associations, academic groups and institutions and
individuals with knowledge of and interest in areas of economic
development and planning.

(c) The department of commerce and all other interested state
agencies shall cooperate with Kansas, Inc., in providing information and
other assistance as may be requested for the performance of its duties
with respect to the state's economic development plan.

Sec. 14. K.S.A. 2010 Supp. 74-8101 is hereby amended to read as
follows: 74-8101. (a) There is hereby created a body politic and corporate
to be known as the Kansas technology enterprise corporation. The Kansas
technology enterprise corporation is hereby constituted a public
instrumentality and the exercise of the authority and powers conferred by
this act shall be deemed and held to be the performance of an essential
governmental function.

(b) The corporation shall be governed by a board of 20 directors
who shall be residents of this state. The board shall consist of (1) the
governor or, at the discretion of the governor, the secretary of the
department of commerce, (2) the secretary of agriculture, (3) four
directors who are members of the legislature appointed as provided in
subsection (d)(1), (4) four directors who are appointed by legislative
officers as provided in subsection (d)(2), and (5) ten directors appointed
by the governor subject to senate confirmation as provided in K.S.A. 75-
4315b, and amendments thereto. Except as provided by K.S.A. 46-2601,
and amendments thereto, no person whose appointment is subject to
confirmation by the senate, shall exercise any power, duty or function as
a member of the board until confirmed by the senate.

(c) (1) All 10 of the directors appointed by the governor shall be
persons recognized for outstanding knowledge and leadership in their
fields. Six of the directors shall be persons from the private sector and
four shall be persons from the public sector. The four appointees from the
public sector shall consist of one or more of the following: Senior
administrators at Kansas educational institutions governed by the board
of regents or engineers or scientists who have extensive experience in
managing basic or applied scientific and technological research. Of the
six directors appointed from the private sector:

(A) Four directors shall be persons who represent industries of the
Kansas economy including small enterprises which include, but are not
limited to:

(i) Resource-based industries of agriculture, oil and gas;

(ii) advanced technology industries of aviation, manufacturing,
    information and design; and

(iii) emerging industries of telecommunications, computer software,
    information services and research services; and

(B) two directors shall be persons who represent the private financial
sector of whom one shall have experience in the area of high-risk venture investments, and the other shall have commercial banking experience in an industry of special technological importance to the Kansas economy.

(2) In making appointments to the board, the governor shall give consideration to the qualifications of the persons who served as commissioners of the Kansas advanced technology commission and shall give consideration to appropriate geographical representation.

(3) Of the members first appointed to the board, two directors shall be appointed for a term of one year, two directors shall be appointed for terms of two years, three directors shall be appointed for terms of three years and three directors shall be appointed for terms of four years. Except as provided by paragraph (4), successors to such directors shall be appointed for terms of four years. Each director shall hold office for the term of appointment and until the successor has been appointed and confirmed. In the event of a vacancy, the vacancy shall be filled by the governor in the manner provided for original appointments for the remainder of the unexpired portion of the term.

(4) The terms of directors appointed pursuant to this subsection who are serving on the board on the effective date of this act shall expire on January 15, of the year in which such member's term would have expired under the provisions of this section prior to amendment by this act. Thereafter, directors shall be appointed for terms of four years and until their successors are appointed and confirmed.

(d) (1) Four directors shall be members of the legislature as follows: The speaker of the house, the house minority leader, the president of the senate, and the senate minority leader, or legislators who are appointed to represent them and who will provide continuity by virtue of their membership on the standing committee on commerce of the senate, the standing committee on commerce and economic development of the house of representatives or the joint committee on economic development. Legislative officers designated in this subsection shall serve by virtue of office. Legislators appointed under this subsection shall serve from the dates of their appointment until the first day of the regular legislative session in odd-numbered years and are eligible for reappointment.

(2) (A) Four directors shall be appointed by legislative officers as follows: (1) One shall be appointed by the speaker of the house, (2) one shall be appointed by the house minority leader, (3) one shall be appointed by the president of the senate, and (4) one shall be appointed by the senate minority leader. The members so appointed shall be persons who are recognized for outstanding knowledge and leadership in their fields, who are from the private sector and who represent industries of the Kansas economy including small enterprises which include, but are not
limited to:

(i) Resource-based industries of agriculture, oil and gas;
(ii) advanced technology industries of aviation, manufacturing, information and design; and
(iii) emerging industries of telecommunications, computer software, information services and research services.

(B) Of the directors first appointed by legislative officers under this subsection (d)(2), the directors appointed by the speaker of the house and the president of the senate shall be appointed to a term of four years and the directors appointed by the house minority leader and the senate minority leader shall be appointed to a term of two years. Successors to such directors shall be appointed for terms of four years. Each director shall hold office for the term of appointment and until the successor has been appointed. In the event of a vacancy, the vacancy shall be filled by the legislative officer who appointed the director who created the vacancy in the manner provided for the original appointment for the remainder of the unexpired portion of the term.

(e) Members of the board of directors, in their dealings with enterprises that may receive financing through the corporation, shall declare any potential conflict of interest and abstain from voting prior to taking any actions relating to that transaction.

(f) The board of directors shall conduct a national search and select a corporate president who meets a national standard of experience, ability and initiative for similar positions. The corporate president shall not be a member of the board.

(g) The board of directors shall hold all board meetings within the state of Kansas.

(h) Members of the board of directors are entitled to compensation and expenses as provided in K.S.A. 75-3223, and amendments thereto.

(i) The board shall annually elect from the private sector membership one member as chairperson and one member as vice-chairperson.

(j) The board of directors shall meet at least once during each calendar quarter, and at such other times as may be provided in the rules of the corporation, upon call by the president, the chairperson or upon written request of a majority of the directors.

(k) A majority of the board of directors shall be necessary to transact corporation business, and all actions of the directors shall be by a majority vote of the full number of corporate directors.

(l) The directors shall establish an executive committee composed of the chairperson, vice-chairperson and three additional members chosen by the chairperson from among the remaining directors. The executive committee, in intervals between board meetings, may transact any board
business that has been delegated to the executive committee. A majority of the executive committee shall be necessary to transact business and all actions of the executive committee shall be by a majority vote of the committee.

(m) No member of the board of directors is eligible to serve more than two terms of office.

(n) A member appointed to the board of directors by the governor may be removed by the governor for cause, stated in writing, after a hearing thereon.

Sec. 15. K.S.A. 74-8105 is hereby amended to read as follows: 74-8105. (a) The president shall be the chief executive officer of the corporation and shall serve at the pleasure of the board. The president's salary shall be set by the board of directors. The president shall be in the unclassified service under the Kansas civil service act. The board of directors may negotiate and enter into an employment agreement with the individual selected as president of the corporation which may provide for such compensation and such provisions for allowances, benefits and expenses as may be included in such agreement. The board of directors is authorized to make all payments and payroll deductions as may be required under such agreement. The president shall direct and supervise administrative affairs and the general management of the corporation.

(b) The president:

(1) May employ and terminate such other officers and employees as designated by the board of directors. Any officer or employee of the corporation who receives a salary allocated from state funds shall receive no other compensation including, but not limited to, salaries, bonuses, fees or incentives for performance of any duties on behalf of any entity which is a subsidiary of or is otherwise related to the corporation or is a business in which the corporation or any entity related to the corporation has invested state funds. The president's employment contract, including any renewal of an existing contract, shall be made available to the senate commerce committee and the house economic development committee, or if the legislature is not in session, the joint committee on economic development, prior to execution of the contract. Such officers and employees shall be in the unclassified service under the Kansas civil service act;

(2) shall attend board meetings;

(3) shall appoint a secretary to keep a record of all proceedings and maintain and be custodian of all financial and operational records, documents and papers filed with the corporation and of the minute book of the corporation; and

(4) before accepting any applications as provided for under this act, shall prepare a business plan which shall include the corporate analysis of
funding levels of programs in other states that are shown in the report
required in subsection (b) of K.S.A. 74-81112 and amendments thereto,
and the threshold funding levels specified in subsection (c) of K.S.A. 74-
81112 and amendments thereto. Upon approval of the business plan by the
corporation board, the plan shall be presented to the standing committee
on commerce of the senate and the standing committee on commerce and
economic development of the house of representatives or the joint
legislative committee on economic development for review and
evaluation.
Sec. 16. K.S.A. 2010 Supp. 74-8135 is hereby amended to read as
follows: 74-8135. (a) The designation of a business as a qualified Kansas
business shall be made by KTEC, and such designation must be renewed
annually. A business shall be so designated if KTEC determines, based
upon the application submitted by the business and any additional
investigation the staff of KTEC shall make, that the following criteria
have been or shall be satisfied:
(1) The business has a reasonable chance of success;
(2) the business has the reasonable potential to create measurable
employment within the state;
(3) the business has an innovative and proprietary technology, product and service;
(4) the existing owners of the business and other founders have
made or are committed to make a substantial financial and time
commitment to the business;
(5) the securities to be issued and purchased are qualified securities;
and
(6) binding commitments have been made by the business to KTEC
for adequate reporting of financial data, including a requirement for an
annual report, or, if required by the board of directors of KTEC, an
annual audit of the financial and operational records of the business, the
right of access to the financial records of the business and the right of
KTEC to record and publish normal and customary data and information
related to the issuance of tax credits that are not otherwise determined to
be trade or business secrets.
(b) In addition to reports by the businesses to KTEC and its board of
directors, KTEC will also provide an annual report, on or before February
1, to the governor, to the senate committee on commerce, the house
committee on commerce and economic development and tourism and the
joint committee on economic development and any successor committees
thereto, on the marketing and use of the angel investor tax credits. This
report will include the following: The amount of tax credits used in the
previous fiscal year including what percentage was claimed by
individuals and what percentage was claimed by investment firms; the
types of businesses that benefited from the tax credits; and any aggregate
job creation or capital investment in Kansas that resulted from the use of
the tax credits for a period of five years beginning from the date on which
the tax credits were awarded. In addition, the annual report will provide
information regarding what businesses which derived benefit from the tax
credits remained in Kansas and what businesses ceased business, what
businesses were purchased and what businesses may have moved out-of-
state and why.

Sec. 17. K.S.A. 2010 Supp. 74-8136 is hereby amended to read as
follows: 74-8136. (a) Tax credits for qualified Kansas businesses are a
limited resource of the state for which KTEC is designated as the
administrator. The purpose of such tax credits is to facilitate the
availability of equity investment in businesses in the early stages of
commercial development and to assist in the creation and expansion of
Kansas businesses which are job and wealth creating enterprises. To
achieve this purpose and to optimize the use of the limited resources of
the state, KTEC is authorized to issue tax credits to qualified investors in
qualified Kansas businesses. Such tax credits shall be awarded to those
qualified Kansas businesses which, as determined by KTEC, are most
likely to provide the greatest economic benefit to the state. KTEC may
issue whole or partial tax credits based on an assessment of the qualified
businesses. KTEC may consider numerous factors in such assessment,
including, but not limited to, the quality and experience of the
management team, the size of the estimated market opportunity, the risk
from current or future competition, the ability to defend intellectual
property, the quality and utility of the business model and the quality and
reasonableness of financial projections for the business.

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

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

(d) The secretary of commerce shall provide the information
specified in subsection (c) to the department of revenue on an annual
basis. The secretary of commerce shall conduct an annual review of the
activities undertaken pursuant to this act to ensure that tax credits issued
pursuant to this act are issued in compliance with the provisions of this
act or rules and regulations promulgated by the department of commerce
or KTEC with respect to this act. The reasonable costs of the annual
review shall be paid by KTEC according to a reasonable fee schedule
adopted by the secretary of commerce.

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

(f) If the secretary of commerce determines that a business is not in
substantial compliance with the requirements of this act to maintain its
designation, the secretary, by written notice, shall inform the officers of
the certified Kansas business and the business that such business will
lose designation as a certified Kansas business in 120 days from the date
of mailing of the notice unless such business corrects the deficiencies and
is once again in compliance with the requirements for designation.

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

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

(i) The department of commerce and KTEC may prepare and adopt procedures concerning the performance of the duties placed upon each respective entity by this act.

Sec. 18. K.S.A. 74-8204 is hereby amended to read as follows: 74-8204. (a) Kansas Venture Capital, Inc., shall prepare and publish an annual report of its activities for the information of the governor, the standing committee on commerce of the senate, the standing committee on new economy, commerce and economic development of the house of representatives and the joint committee on economic development, securities commissioner of Kansas, attorney general, Kansas, Inc., and the public which shall be made widely available and shall specifically account for:

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

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

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

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

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

(b) The report to the standing committee on commerce of the senate, the standing committee on new economy of the house of representatives and the joint committee on economic development under this section shall be made by Kansas Venture Capital, Inc., either (1) by publishing such report on the internet and by notifying each member of the committees that the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available, or (2) by submitting copies of such report on CD-ROM or other electronically readable media.

Sec. 19. K.S.A. 74-8310 is hereby amended to read as follows: 74-8310. (a) Pursuant to K.S.A. 74-5049, and amendments thereto, the secretary shall report the following:

(1) The number of Kansas venture capital companies;

(2) the total tax credit generated;

(3) the total investments made in Kansas venture capital companies;

(4) the total investments in Kansas businesses by Kansas venture capital companies;
Sec. 20. K.S.A. 74-8317 is hereby amended to read as follows: 74-8317. The corporation shall transmit annually to the governor, the standing committee on commerce of the senate, the standing committee on commerce and economic development of the house of representatives, and the joint committee on economic development, and may include specific recommendations for legislation.

Sec. 21. K.S.A. 2010 Supp. 74-8405 is hereby amended to read as follows: 74-8405. (a) Pursuant to K.S.A. 74-5049, and amendments thereto, the secretary of commerce shall report the following:

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

(b) Additionally, in the report the secretary shall evaluate the success of the program in collaboration with Kansas, Inc. and the standing committee on commerce of the senate, the standing committee on commerce and economic development of the house of representatives and the joint committee on economic development, and may include specific recommendations for legislation.
Sec. 22. K.S.A. 2010 Supp. 74-99c07 is hereby amended to read as follows: 74-99c07. (a) The Kansas center for entrepreneurship shall transmit annually to the governor, the secretary, the standing committee on commerce in the senate, the standing committee on commerce and economic development in the house of representatives, the joint committee on economic development and Kansas Inc. a report stating what tax credits have been issued during the preceding year and based on information provided by the regional or local community seed capital fund or economic development agency, describing the following: (1) the manner in which the purpose, as described in this act, has been carried out, (2) the total grants given to community seed capital funds or economic development agencies during the preceding year and cumulatively since the inception of this act, (3) the number of companies and jobs created or preserved by the grants given under this act and their location, and (4) an estimate of the multiplier effect on the Kansas economy of the grants made pursuant to this act.

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


Sec. 24. This act shall take effect and be in force from and after its publication in the Kansas register.