

SENATE BILL No. 285

AN ACT concerning the department of commerce and housing; relating to changing the name of such agency; relating to other changes required by 2003 ERO 30; amending K.S.A. 2-3602, 12-1770a, as amended by section 1 of 2003 Senate Substitute for House Bill No. 2208, 12-1771b, 12-1771d, 12-1774, as amended by section 4 of 2003 Senate Substitute for House Bill No. 2208, 12-5242, 32-873, 32-874a, 32-874b, 32-874d, 32-874e, 39-1605, 65-5721, 72-4436, 72-4437, 73-2402, 73-2404, 74-520a, 74-567, 74-575, 74-2622, 74-2916, 74-32,151, 74-4911f, 74-5002o, 74-5049, 74-5073, 74-5074, 74-5082, 74-5084, 74-5086a, 74-5089, 74-5091, 74-5095, 74-5096, 74-5097, 74-50,103, 74-50,104, 74-50,105, 74-50,106, 74-50,107, 74-50,108, 74-50,109, 74-50,110, 74-50,111, 74-50,114, 74-50,115, 74-50,131, 74-50,133, 74-50,134, 74-50,151, 74-50,152, 74-50,153, 74-50,156, 74-50,157, 74-50,158, 74-50,159, 74-50,160, 74-50,162, 74-50,163, 74-7295, 74-8001, 74-8002, 74-8004, 74-8005, 74-8006, 74-8007, 74-8010, 74-8101, 74-8221, 74-8405, 74-8831, 74-8904, 74-8928, 74-8930, 74-8942, 74-8943, 74-9001, as amended by section 1 of 2003 House Bill No. 2106, 74-9002, 74-9003, 74-9004, 74-9005, 74-9201 and 79-32,198 and K.S.A. 2002 Supp. 2-1921, 40-4702, 58-1401, 58-1405, 58-1406, 58-1407, 75-2935, 79-213, 79-251, 79-3271, 79-3271a, 79-32,160a, 79-32,197a, 79-3620, as amended by section 5 of 2003 Senate Substitute for House Bill No. 2208, 79-3620b and 79-3710, as amended by section 8 of 2003 Senate Substitute for House Bill No. 2208, and section 2 of 2003 Senate Substitute for House Bill No. 2208 and section 16 of 2003 Senate Bill No. 237 and repealing the existing sections; also repealing K.S.A. 74-5002f, 74-5002g, 74-5002h, 74-5002i, 74-5002j, 74-5002k, 74-5002n, 74-5083 and 74-5085.

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

Section 1. On and after July 1, 2003, K.S.A. 2002 Supp. 2-1921 is hereby amended to read as follows: 2-1921. (a) There is hereby created the Kansas natural resource legacy alliance.

(b) The alliance shall consist of the following appointed members all of whom shall be residents of the state of Kansas:

(1) The president of the senate or the president of the senate's designee, and two additional members appointed by the president of the senate, two of whom shall be landowners who own at least 160 acres of Kansas farm or ranch land and are principally engaged in production agriculture;

(2) the minority leader of the senate or the minority leader of the senate's designee and one additional member appointed by the minority leader of the senate who shall be a landowner who owns at least 160 acres and is principally engaged in production agriculture;

(3) the chairman of the senate committee on natural resources or the chairman of the senate committee on natural resources' designee provided that such designee is a member of the legislature of the state of Kansas;

(4) the speaker of the house of representatives or the speaker of the house of representative's designee, and two additional members appointed by the speaker of the house of representatives, two of whom shall be landowners who own at least 160 acres of Kansas farm or ranch land and are principally engaged in production agriculture;

(5) the minority leader of the house of representatives or the minority leader of the house of representative's designee and one additional member appointed by the minority leader of the house of representatives who shall be a landowner who owns at least 160 acres and is principally engaged in production agriculture;

(6) the chairman of the house committee on environment or the chairman of the house committee on environment's designee provided that such designee is a member of the legislature of the state of Kansas; and

(7) three members appointed by the governor, at least two of which shall be landowners who own at least 160 acres of Kansas farm or ranch land and are principally engaged in production agriculture.

(c) The following shall be nonvoting advisors to the members of the alliance:

(1) The secretary of wildlife and parks or the secretary's designee;

(2) the secretary of agriculture or the secretary's designee;

(3) the executive director of the state conservation commission or the executive director's designee;

(4) the secretary of health and environment or the secretary's designee;

(5) the director of the Kansas water office or the director's designee;

(6) the state forester or the state forester's designee;

(7) the secretary of commerce and housing or the secretary of commerce and housing's designee;

(8) the president of the Kansas farm bureau or the president's designee; and

(9) the president of the Kansas livestock association or the president's designee.

(d) Officers making appointments pursuant to subsection (b) shall consult and coordinate among themselves in making the appointments in order to achieve a membership that represents a balance of knowledge and experience among interests in natural resources, environmental interests and related economic interests, including parks and recreation, soil and water conservation, travel and tourism, economic development, agriculture, outdoor recreation, landowners and homeowners, fish and wildlife, forest resources, prairie and grassland resources and municipalities. At least two such members shall represent environmental interests. In making the appointments, the officers shall solicit and allow an opportunity for recommendations by interested groups and individual citizens.

Sec. 2. On and after July 1, 2003, K.S.A. 2-3602 is hereby amended to read as follows: (a) There is hereby created the Kansas agricultural seed council.

(b) The council shall consist of seven members who will be elected at the annual meeting of the Kansas seed industry association. The board of directors of the Kansas seed industry association shall act as interim council members until council members can be elected and qualified. Vacancies which may occur shall be filled for unexpired terms by the board of directors of the Kansas seed industry association from among the seedsmen or representatives of seed product development, distribution and production of the state. Each council member appointed on and after the effective date of this act, other than a council member appointed to fill a vacancy for an unexpired term, shall be elected for a term of four years except that three of the council members first elected on and after the effective date of this act shall be elected for a term of two years. No member may serve more than two consecutive terms. Upon the expiration of a term of a member of the council, such member shall continue to serve as a member of the council until a successor to such member is elected and qualified.

(c) Members of the council shall be residents of this state and currently be active seedsmen. Members of the council shall include representatives of seed product development, distribution and production. At least three members shall be elected from the list of wholesalers registered with the department of agriculture and the remaining members shall be active seedsmen or representatives of seed product development, distribution and production elected at large. The elections will be held at an open session to all seedsmen and representatives of seed product development, distribution and production at the annual meeting of the Kansas seed industry association.

(d) The director of the agricultural experiment stations of Kansas state university of agriculture and applied science or the director's representative and the director of the agricultural products development division of the department of commerce and housing or the director's representative shall serve as ex officio nonvoting members of the council.

(e) The council shall elect annually a chairperson from its membership.

(f) A member of the council may cease to hold such member's position on the council for any of the following reasons, at the discretion of a majority of the council, upon resolution duly adopted by the council dismissing such member: (1) Failure to attend two or more regular meetings of the council, if unexcused; or (2) ceasing to be an active seedsmen.

(g) Members of the Kansas agricultural seed council attending meetings of such council, or attending a subcommittee meeting authorized by such council, may be paid compensation and other expenses.

(h) The council shall meet at least once every calendar quarter regularly and hold an annual meeting which shall be open to the public. The day, time and place of each meeting shall be determined by the council. The chairperson or any three members of the council may call special meetings of the council upon such notice as may be prescribed by the duly adopted procedures of the council.

Sec. 3. On and after July 1, 2003, K.S.A. 12-1770a, as amended by section 1 of 2003 Senate Substitute for House Bill No. 2208, is hereby

amended to read as follows: 12-1770a. As used in this act, unless the context clearly shows otherwise:

(a) “Auto race track facility” means: (1) An auto race track facility and facilities directly related and necessary to the operation of an auto race track facility, including, but not limited to, grandstands, suites and viewing areas, concessions, souvenir facilities, catering facilities, visitor and retail centers, signage and temporary hospitality facilities, but excluding (2) hotels, motels, restaurants and retail facilities, not directly related to or necessary to the operation of such facility.

(b) “Base year assessed valuation” means the assessed valuation of all real property within the boundaries of a redevelopment district on the date the redevelopment district was established.

(c) “Blighted area” means an area which:

(1) Because of the presence of a majority of the following factors, substantially impairs or arrests the development and growth of the municipality or constitutes an economic or social liability or is a menace to the public health, safety, morals or welfare in its present condition and use:

- (A) A substantial number of deteriorated or deteriorating structures;
- (B) predominance of defective or inadequate street layout;
- (C) unsanitary or unsafe conditions;
- (D) deterioration of site improvements;
- (E) tax or special assessment delinquency exceeding the fair market value of the real property;

(F) defective or unusual conditions of title including but not limited to cloudy or defective titles, multiple or unknown ownership interests to the property;

(G) improper subdivision or obsolete platting or land uses;

(H) the existence of conditions which endanger life or property by fire or other causes; or

(I) conditions which create economic obsolescence; or

(2) has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigation; feasibility study and remediation or other similar state or federal action; or

(3) previously was found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 *et seq.*, and amendments thereto.

(d) “Conservation area” means any improved area comprising 15% or less of the land area within the corporate limits of a city in which 50% or more of the structures in the area have an age of 35 years or more, which area is not yet blighted, but may become a blighted area due to the existence of a combination of two or more of the following factors:

- (1) Dilapidation, obsolescence or deterioration of the structures;
- (2) illegal use of individual structures;
- (3) the presence of structures below minimum code standards;
- (4) building abandonment;
- (5) excessive vacancies;
- (6) overcrowding of structures and community facilities; or
- (7) inadequate utilities and infrastructure.

(e) “De minimus” means an amount less than 15% of the land area within a redevelopment district.

(f) “Developer” means any person, firm, corporation, partnership or limited liability company, other than a city.

(g) “Eligible area” means a blighted area, conservation area, enterprise zone, historic theater, major tourism area or a major commercial entertainment and tourism area as determined by the secretary.

(h) “Enterprise zone” means an area within a city that was designated as an enterprise zone prior to July 1, 1992, pursuant to K.S.A. 12-17,107 through 12-17,113, and amendments thereto, prior to its repeal and the conservation, development or redevelopment of the area is necessary to promote the general and economic welfare of such city.

(i) “Environmental increment” means the increment determined pursuant to subsection (b) of K.S.A. 12-1771a, and amendments thereto.

(j) “Environmentally contaminated area” means an area of land having contaminated groundwater or soil which is deemed environmentally contaminated by the department of health and environment or the United States environmental protection agency.

(k) “Feasibility study” means a study which shows whether a redevelopment or special bond project’s benefits and tax increment revenue and other available revenues under K.S.A. 12-1774 (a)(1), and amendments thereto, are expected to exceed or be sufficient to pay for the redevelopment or special bond project costs and the effect, if any, the redevelopment or special bond project will have on any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(l) “Historic theater” means a building constructed prior to 1940 which was constructed for the purpose of staging entertainment, including motion pictures, vaudeville shows or operas, that is operated by a nonprofit corporation and is designated by the state historic preservation officer as eligible to be on the Kansas register of historic places or is a member of the Kansas historic theatre association.

(m) “Historic theater sales tax increment” means the amount of state and local sales tax revenue imposed pursuant to K.S.A. 12-187 *et seq.*, 79-3601 *et seq.* and 79-3701 *et seq.*, and amendments thereto, collected from taxpayers doing business within the historic theater that is in excess of the amount of such taxes collected prior to the designation of the building as a historic theater for purposes of this act.

(n) “Major tourism area” means an area for which the secretary has made a finding the capital improvements costing not less than \$100,000,000 will be built in the state to construct an auto race track facility.

(o) “Real property taxes” means all taxes levied on an ad valorem basis upon land and improvements thereon.

(p) “Redevelopment project area” or “project area” means an area designated by a city within a redevelopment district.

(q) “Redevelopment project costs” means those costs necessary to implement a redevelopment plan, including, but not limited to costs incurred for:

- (1) Acquisition of property within the redevelopment project area;
- (2) payment of relocation assistance;
- (3) site preparation including utility relocations;
- (4) sanitary and storm sewers and lift stations;
- (5) drainage conduits, channels, levees and river walk canal facilities;
- (6) street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- (7) street light fixtures, connection and facilities;
- (8) underground gas, water, heating and electrical services and connections located within the public right-of-way;
- (9) sidewalks and pedestrian underpasses or overpasses;
- (10) drives and driveway approaches located within the public right-of-way;
- (11) water mains and extensions;
- (12) plazas and arcades;
- (13) parking facilities;
- (14) landscaping and plantings, fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; and
- (15) all related expenses to redevelop and finance the redevelopment project.

Redevelopment project costs shall not include costs incurred in connection with the construction of buildings or other structures to be owned by or leased to a developer, however, the “redevelopment project costs” shall include costs incurred in connection with the construction of buildings or other structures to be owned or leased to a developer which includes an auto race track facility or is in a redevelopment district including some or all of the land and buildings comprising a state mental institution closed pursuant to section 2 of chapter 219 of the 1995 Session Laws of Kansas.

(r) “Redevelopment district” means the specific area declared to be an eligible area in which the city may develop one or more redevelopment projects.

(s) “Redevelopment district plan” or “district plan” means the preliminary plan that identifies all of the proposed redevelopment project areas and identifies in a general manner all of the buildings, facilities and improvements in each that are proposed to be constructed or improved in each redevelopment project area.

(t) “Redevelopment project” means the approved project to implement a project plan for the development of the established redevelopment district.

(u) “Redevelopment project plan” or “project plan” means the plan adopted by a municipality for the development of a redevelopment project or projects which conforms with K.S.A. 12-1772, and amendments thereto, in a redevelopment district.

(v) “Secretary” means the secretary of commerce ~~and housing~~.

(w) “Substantial change” means, as applicable, a change wherein the proposed plan or plans differ substantially from the intended purpose for which the district plan or project plan was approved.

(x) “Tax increment” means that amount of real property taxes collected from real property located within the redevelopment district that is in excess of the amount of real property taxes which is collected from the base year assessed valuation.

(y) “Taxing subdivision” means the county, city, unified school district and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created redevelopment district.

(z) “Special bond project” means a *redevelopment* project with at least a \$50,000,000 capital investment and \$50,000,000 in projected gross annual sales revenues or for areas outside of metropolitan statistical areas, as defined by the federal office of management and budget ~~as of June 30, 1999~~, the secretary finds the project meets the requirements of subsection (g) and would be of regional or statewide importance, but a “special bond project” shall not include a project for a gambling casino.

(aa) “Marketing study” means a study conducted to examine the impact of the redevelopment or special bond project upon similar businesses in the projected market area.

(bb) “Projected market area” means any area within the state in which the redevelopment or special bond project is projected to have a substantial fiscal or market impact upon businesses in such area.

(cc) “River walk canal facilities” means a canal and related water features located adjacent to a river which flows through a major commercial entertainment and tourism area and facilities related or contiguous thereto, including, but not limited to pedestrian walkways and promenades, landscaping and parking facilities.

(dd) “Commence work” means the manifest commencement of actual operations on the development site, such as, erecting a building, excavating the ground to lay a foundation or a basement or work of like description which a person with reasonable diligence can see and recognize as being done with the intention and purpose to continue work until the project is completed.

(ee) “Major commercial entertainment and tourism area” ~~shall~~ *may* include, but not be limited to, a major multi-sport athletic complex.

(ff) “Major multi-sport athletic complex” means an athletic complex that is utilized for the training of athletes, the practice of athletic teams, the playing of athletic games or the hosting of events. Such project may include playing fields, parking lots and other developments.

Sec. 4. On and after July 1, 2003, K.S.A. 12-1771b is hereby amended to read as follows: 12-1771b. (a) The boundaries of any redevelopment district in a major tourism area including an auto race track facility located in Wyandotte county, shall, without regard to that portion of the district pertaining to the auto race track facility, be as follows: Beginning at the intersection of Interstate 70 and Interstate 435; West along Interstate 70 to 118th Street; North along 118th Street to State Avenue; Northeastly along proposed relocated State Avenue to 110th Street; North along 110th Street to Parallel Parkway; East along Parallel Parkway to Interstate 435; South along Interstate 435 to Interstate 70.

(b) Any major tourism area may include an additional area not exceeding 400 acres of additional property, excluding roads and highways, in addition to the property necessary for the auto race track facility upon a finding by the governor that the development plan and each project within such additional area will enhance the major tourism area. For the development of each project within such additional area the city shall select qualified developers pursuant to a request for proposals in accordance with written official procedures approved by the governing body of

the city. Any project within such additional area that is financed in whole or in part by special obligation bonds payable from revenues derived from subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, shall not be entitled to any real property tax abatements or the revenues described in K.S.A. 12-1775, and amendments thereto. Any project within such additional area must be approved by the governor and construction must be commenced by July 1, 2002. The city shall prepare and submit annually to the governor, the secretary of commerce ~~and housing~~ and the legislature by each October 1, commencing October 1, 1999, and continuing until October 1, 2002, a report describing the status of any projects within such additional area. Any business located in Kansas within 50 miles of a major tourism area that relocates into a major tourism area shall not receive any of the benefits of K.S.A. 12-1770 *et seq.*, and amendments thereto.

(c) If a city determines that revenues from sources other than property taxes will be sufficient to pay any special obligation bonds issued to finance a redevelopment project for an auto race track facility as described in subsection (a) of K.S.A. 12-1770a, and amendments thereto, and the secretary of commerce ~~and housing~~ makes a finding that such project will create a major tourism area pursuant to subsection (n) of K.S.A. 12-1770a, and amendments thereto, all real and personal property, constituting an auto race track facility described in subsection (a) of K.S.A. 12-1770a, and amendments thereto, in such redevelopment district shall be exempt from property taxation for a period ending on the earlier of (1) the date which is 30 years after the date of the finding by the secretary of commerce ~~and housing~~ with respect to such major tourism area; or (2) the date on which no such special obligation bonds issued to finance such auto race track facility in a major tourism area remain outstanding.

(d) The city which is authorized to issue bonds pursuant to the provisions of K.S.A. 12-1770 *et seq.* in order to finance a redevelopment project in a major tourism area as defined by K.S.A. 12-1770a, and amendments thereto, shall obtain underwriting services required by the city for the issuance of such bonds pursuant to written proposals received in accordance with this section.

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

(f) Prior to the issuance of any such bonds to finance a redevelopment project in a major tourism area after the effective date of this act, the city shall publish notice of a request for proposals to provide the underwriting services that are required by the city with regard to the proposed bond issuance and shall mail requests for proposals to qualified interested parties upon request for such notice. The city shall award contracts for such underwriting services from the proposals received in accordance with the procedures and evaluation criteria adopted by the city for such purpose. A city shall publish such notice in the official newspaper of the city.

(g) A redevelopment project in a major tourism area for an auto race track facility, shall be completed within 30 years from the date the secretary makes the finding that the redevelopment project will create a major tourism area pursuant to subsection (n) of K.S.A. 12-1770a, and amendments thereto.

(h) The maximum maturity on bonds issued to finance projects pursuant to this act shall not exceed 20 years except that: (1) Such maximum period of special obligation bonds not payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, issued to finance an auto race track facility shall not exceed 30 years; and (2) such maximum period, if the governor determines and makes and submits a finding to the speaker of the house of representatives and the president of the senate that a maturity greater than 20 years, but in no event exceeding 30 years, is necessary for the economic feasibility of the financing of an auto race track facility with special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, may be extended in accordance with such determination and finding.

Sec. 5. On and after July 1, 2003, K.S.A. 12-1771d is hereby amended to read as follows: 12-1771d. The governing body of any municipality may designate a building within such municipality to be a historic theater if the governing body of the municipality and the secretary of commerce ~~and housing~~ agree that the building satisfies the requirements of subsection (i) of K.S.A. 12-1770a, and amendments thereto, and will contribute significantly to the economic development of the city and surrounding area.

Sec. 6. On and after July 1, 2003, K.S.A. 12-1774, as amended by section 4 of 2003 Senate Substitute for House Bill No. 2208, is hereby amended to read as follows: 12-1774. (a) (1) Any city shall have the power to issue special obligation bonds in one or more series to finance the undertaking of any redevelopment project in accordance with the provisions of this act. Such special obligation bonds shall be made payable, both as to principal and interest:

(A) From tax increments allocated to, and paid into a special fund of the city under the provisions of K.S.A. 12-1775, and amendments thereto;

(B) from revenues of the city derived from or held in connection with the undertaking and carrying out of any redevelopment project or projects under this act including historic theater sales tax increments and environmental increments;

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

(D) from a pledge of a portion or all of the revenue received by the city from transient guest, sales and use taxes collected pursuant to K.S.A. 12-1696 *et seq.*, 79-3601 *et seq.*, 79-3701 *et seq.* and 12-187 *et seq.*, and amendments thereto, and which are collected from taxpayers doing business within that portion of the city's redevelopment district established pursuant to K.S.A. 12-1771, and amendments thereto, occupied by a redevelopment project if there first is a finding by the secretary of commerce ~~and housing~~ that based upon the feasibility study the redevelopment project will create a major tourism area for the state or if the project is the restoration of a historic theater as defined in subsection (l) of K.S.A. 12-1770a, and amendments thereto, or the project has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto;

(E) (i) from a pledge of a portion or all increased revenue received by the city from franchise fees collected from utilities and other businesses using public right-of-way within the redevelopment district; (ii) from a pledge of a portion or all of the revenue received by the city from sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto; or

(F) by any combination of these methods except that for a project which has been designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a and amendments thereto, 100% of city and county sales taxes collected pursuant to K.S.A. 12-187, and amendments thereto, shall be pledged for such project except for amounts committed to other use by election of voters prior to the effective date of this act.

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

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

(3) Bonds issued under the provisions of paragraph (1) of this subsection shall be special obligations of the city and are declared to be negotiable instruments. They shall be executed by the mayor and clerk of the city and sealed with the corporate seal of the city. All details pertaining to the issuance of such special obligation bonds and terms and conditions thereof shall be determined by ordinance of the city. All special obligation bonds issued pursuant to this act and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. Such special obligation bonds shall contain none of the recitals set forth in K.S.A. 10-112, and amendments thereto. Such special obligation bonds shall, however, contain the following recitals, viz., the authority under

which such special obligation bonds are issued, they are in conformity with the provisions, restrictions and limitations thereof, and that such special obligation bonds and the interest thereon are to be paid from the money and revenue received as provided in paragraph (1) of this subsection.

(b) (1) Subject to the provisions of paragraph (2) of this subsection, any city shall have the power to issue full faith and credit tax increment bonds to finance the undertaking of any redevelopment project in accordance with the provisions of K.S.A. 12-1770 *et seq.*, and amendments thereto other than a project that will create a major tourism area or result in the renovation of an historic theater. Such full faith and credit tax increment bonds shall be made payable, both as to principal and interest: (A) From the revenue sources identified in paragraph (1)(A), (B), (C), (D) and (E) of subsection (a) or by any combination of these sources; and (B) subject to the provisions of paragraph (2) of this subsection, from a pledge of the city's full faith and credit to use its ad valorem taxing authority for repayment thereof in the event all other authorized sources of revenue are not sufficient.

(2) Except as provided in paragraph (3) of this subsection, before the governing body of any city proposes to issue full faith and credit tax increment bonds as authorized by this subsection, the feasibility study required by K.S.A. 12-1772, and amendments thereto, shall demonstrate that the benefits derived from the project will exceed the cost and that the income therefrom will be sufficient to pay the costs of the project. No full faith and credit tax increment bonds shall be issued unless the governing body states in the resolution required by K.S.A. 12-1772, and amendments thereto, that it may issue such bonds to finance the proposed redevelopment project. The governing body may issue the bonds unless within 60 days following the date of the public hearing on the proposed project plan a protest petition signed by 3% of the qualified voters of the city is filed with the city clerk in accordance with the provisions of K.S.A. 25-3601 *et seq.*, and amendments thereto. If a sufficient petition is filed, no full faith and credit tax increment bonds shall be issued until the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds in accordance with K.S.A. 12-1774, and amendments thereto. No such election shall be held in the event the board of county commissioners or the board of education determines, as provided in K.S.A. 12-1771, and amendments thereto, that the proposed redevelopment district will have an adverse effect on the county or school district.

(3) As an alternative to paragraph (2) of this subsection, any city which adopts a project plan but does not state its intent to issue full faith and credit tax increment bonds in the resolution required by K.S.A. 12-1772, and amendments thereto, and has not acquired property in the redevelopment project area may issue full faith and credit tax increment bonds if the governing body of the city adopts a resolution stating its intent to issue the bonds and the issuance of the bonds is approved by a majority of the voters voting at an election thereon. Such election shall be called and held in the manner provided by the general bond law. The failure of the voters to approve the issuance of full faith and credit tax increment bonds shall not prevent the city from issuing special obligation bonds pursuant to paragraph (1) of subsection (a). Any project plan adopted by a city prior to the effective date of this act in accordance with K.S.A. 12-1772, and amendments thereto, shall not be invalidated by any requirements of this act.

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

(5) Full faith and credit tax increment bonds issued under this sub-

section shall be general obligations of the city and are declared to be negotiable instruments. They shall be issued in accordance with the general bond law. All such bonds and all income or interest therefrom shall be exempt from all state taxes except inheritance taxes. The amount of the full faith and credit tax increment bonds issued and outstanding which exceeds 3% of the assessed valuation of the city shall be within the bonded debt limit applicable to such city.

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

(c) Any increment in ad valorem property taxes resulting from a redevelopment project in the established redevelopment district undertaken in accordance with the provisions of this act, shall be apportioned to a special fund for the payment of the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued to finance such project pursuant to this act and may be pledged to the payment of principal and interest on such bonds.

Sec. 7. On and after July 1, 2003, K.S.A. 12-5242 is hereby amended to read as follows: 12-5242. As used in the rural housing incentive district act:

(a) “City” means any city incorporated in accordance with Kansas law with a population of less than 40,000 in a county with a population of less than 60,000, as certified to the secretary of state by the director of the division of the budget on the previous July 1st in accordance with K.S.A. 11-201, and amendments thereto;

(b) “County” means any county organized in accordance with K.S.A. 18-101 et seq., and amendments thereto, with a population of less than 40,000, as certified to the secretary of state by the director of the division of the budget on the previous July 1st in accordance with K.S.A. 11-201, and amendments thereto;

(c) “Developer” means the person, firm or corporation responsible under an agreement with the governing body to develop housing or related public facilities in a district.

(d) “District” means a rural housing incentive district established in accordance with this act.

(e) “Governing body” means the board of county commissioners of any county or the mayor and council, mayor and commissioners or board of commissioners, as the laws affecting the organization and status of cities affected may provide;

(f) “Secretary” means the secretary of commerce ~~and housing~~ of the state of Kansas.

(g) “Real property taxes” means and includes all taxes levied on an ad valorem basis upon land and improvements thereon.

(h) “Taxing subdivision” means the county, the city, the unified school district, and any other taxing subdivision levying real property taxes, the territory or jurisdiction of which includes any currently existing or subsequently created rural housing incentive district.

Sec. 8. On and after July 1, 2003, K.S.A. 32-873 is hereby amended to read as follows: 32-873. Notwithstanding the provisions of K.S.A. 32-867 through 32-872, the selection of any site by the secretary of wildlife and parks and secretary of commerce ~~and housing~~ pursuant to K.S.A. 32-874d, and amendments thereto, shall not become final, nor shall any revenue bonds be issued for the resort development, until the site so selected and the amount of the bonds proposed to be issued have been approved by the legislature or the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c, and amendments thereto.

Sec. 9. On and after July 1, 2003, K.S.A. 32-874a is hereby amended to read as follows: 32-874a. The feasibility study required under K.S.A. 32-874, and amendments thereto, being completed, the secretary of commerce ~~and housing~~, the secretary of wildlife and parks and the secretary of transportation will develop an incentive plan outlining the state of Kansas’ commitment toward building a lake resort which shall include, but not limited to, infrastructure improvements, utility improvements and tax incentives to be offered for sites at, including, but not limited to the six

state parks selected in the feasibility study reported to the 1998 legislature: Cheney, Clinton, El Dorado, Hillsdale, Perry and Milford.

Sec. 10. On and after July 1, 2003, K.S.A. 32-874b is hereby amended to read as follows: 32-874b. Once the state incentive packages are agreed upon, the secretary of wildlife and parks, under K.S.A. 32-807, 32-830 and 32-831, and amendments thereto, and the secretary of commerce ~~and housing~~ under K.S.A. 74-5005, and amendments thereto, will take the incentive package for each lake resort site to communities adjacent to each state park, revealing what the state is willing to commit to the development of a lake resort near each lake resort community and negotiate and determine what each community is willing to offer as an incentive to have the lake resort develop near its community.

Sec. 11. On and after July 1, 2003, K.S.A. 32-874d is hereby amended to read as follows: 32-874d. (a) When the incentive packages for each of the lake resorts is determined, the secretary of wildlife and parks and the secretary of commerce ~~and housing~~ shall develop requests for proposals which include the incentive packages for each site. The proposals received from developers under subsection (h)(6) of K.S.A. 32-807, and amendments thereto, shall be sealed.

(b) The department of wildlife and parks and the department of commerce ~~and housing~~ shall advertise for proposal plans with bids for development of sites selected under K.S.A. 32-867, 32-868, 32-871 and 32-872, and amendments thereto. Advertisements for proposals with bids shall be published in the Kansas register and once each week for two consecutive weeks in a newspaper having general circulation in the community at least 60 days before the time for receiving the proposals with bids. The advertisement shall also be posted on readily accessible bulletin boards in all offices of the two departments and on the information network of Kansas. The advertisement shall identify the area to be developed, the purpose of the development and shall state that such further information as is available may be obtained from either departments' office in Topeka.

The two secretaries shall consider all proposals with bids submitted, the financial and legal ability of the private sector developers making such proposals with bids to carry them out and may negotiate with any private sector developer for a proposal with bid. The secretaries may accept such proposal with bid as it deems to be in the public interest and in furtherance of the purposes of this act.

(c) Once proposals are received from developers wishing to contract for building the resort, the secretary of wildlife and parks utilizing powers and authority granted under K.S.A. 32-807, 32-862, 32-863 and 32-867 through 32-872, and amendments thereto, and the secretary of commerce ~~and housing~~ under K.S.A. 74-5005, and amendments thereto, shall select, negotiate and contract for the construction of a lake resort which shall be operated as a private concession and developed with private funding to include, but not limited to, the issuance of revenue bonds under K.S.A. 32-857 through 32-864, and amendments thereto.

(d) The secretary of wildlife and parks and the secretary of commerce ~~and housing~~ may engage a private consultant to assist in the development of a contract for the selected site. Consistent with the powers and authority granted to the secretary of wildlife and parks, the secretary may waive any relevant park fees, obtain revenue from the resort and resort facilities and include penalty provisions in the contract regarding non-performance by the operator and developer of the resort.

(e) The secretary of wildlife and parks and the secretary of commerce ~~and housing~~ shall not seek approval under K.S.A. 32-873, and amendments thereto, until the requirements of subsections (a) through (d) are satisfied.

Sec. 12. On and after July 1, 2003, K.S.A. 32-874e is hereby amended to read as follows: 32-874e. The secretary of wildlife and parks and the secretary of commerce ~~and housing~~ shall present a joint report concerning negotiations, site selection, and status of the resort to the legislature, house committee on tourism, senate committee on transportation and tourism and to the governor during the 1999 legislative session.

Sec. 13. On and after July 1, 2003, K.S.A. 39-1605 is hereby amended to read as follows: 39-1605. (a) There is hereby established the

governor's mental health services planning council. The council shall consist of 25 members.

(b) So the composition of the council is in compliance with the requirements of public law 102-321 and supplementary federal acts, persons appointed to the council will be in accordance with the following:

(1) Nine members shall be state agency representatives who shall include:

(A) The commissioner of mental health and developmental disabilities;

(B) the secretary of social and rehabilitation services shall appoint one member for each of the following areas: vocational rehabilitation, alcohol and drug abuse services, medical services and children and family services;

(C) the commissioner of juvenile justice;

(D) the commissioner of education;

(E) the secretary of corrections; and

(F) the secretary of commerce ~~and housing~~. If a commissioner or secretary is unable to participate, the commissioner or secretary shall appoint a designee as the official member of the council.

(2) The governor shall appoint the following persons to the council:

(A) One member shall be a person licensed to practice medicine and surgery with board certification in psychiatry;

(B) two members shall be executive directors of mental health centers; and

(C) 13 members shall be individuals who are not state employees or providers of mental health services. Of the 13 members, four members shall be adult consumers with serious and persistent mental illness; three members shall be immediate family members of adult consumers with serious and persistent mental illnesses; four members shall be family members of minor children or youth with severe emotional disturbances; and two members shall be members of the general public.

(c) The terms of members who are currently serving on the council shall expire on the effective date of this act. At that time, appointees of the governor under subsection (b)(2) shall be appointed to the council by the governor with $\frac{1}{2}$ appointed for a term of two years and the other $\frac{1}{2}$ for a term of four years as specified by the governor. Thereafter, each member appointed to the council by the governor shall be appointed for a term of four years.

(d) Each member of the council shall serve until a successor is appointed and qualified. In the case of a vacancy on the council, a successor of like qualifications shall be appointed or designated to fill the unexpired term in accordance with subsections (b)(1) and (2).

(e) The governor shall designate the chairperson of the council. The members of the council shall elect a vice-chairperson.

(f) Members of the governor's mental health services planning council attending meetings of the council, or attending a subcommittee meeting thereof authorized by the council, shall be paid amounts provided in subsection (e) of K.S.A. 75-3223 and amendments thereto.

Sec. 14. On and after July 1, 2003, K.S.A. 2002 Supp. 40-4702 is hereby amended to read as follows: 40-4702. (a) The governor of the state of Kansas shall appoint a cabinet level committee which shall be known as the Kansas business health policy committee.

(b) The Kansas business health policy committee, hereinafter referred to as the health committee, shall consist of:

(1) The secretary of the department of commerce ~~and housing~~ or the secretary's designee;

(2) the secretary of the department of social and rehabilitation services or the secretary's designee;

(3) the commissioner of insurance or the commissioner's designee;

(4) one member appointed by the president of the senate;

(5) one member appointed by the speaker of the house of representatives;

(6) one member appointed by the minority leader of the senate;

(7) one member appointed by the minority leader of the house of representatives; and

(8) three members at large from the private sector appointed by the governor.

The secretary of each state agency represented on this committee shall provide such staff and other resources as the health committee may require.

(c) (1) The initial meeting of the health committee shall be convened within 60 days after the effective date of this act by the governor at a time and place designated by the governor.

(2) Meetings of the health committee subsequent to its initial meeting shall be held and conducted in accordance with policies and procedures established by the health committee.

(3) Commencing at the time of the initial meeting of the health committee, the powers, authorities, duties and responsibilities conferred and imposed upon the health committee by this act shall be operative and effective.

(d) The health committee shall develop and approve a request for proposals for a qualified entity to serve as the Kansas business health partnership, hereinafter referred to as health partnership, which shall provide a mechanism to combine federal and state subsidies with contributions from small employers and eligible employees to purchase health insurance in accordance with guidelines developed by the health committee.

(e) The health committee shall evaluate responses to the request for proposals and select the qualified entity to serve as the health partnership.

(f) The health committee shall:

(1) Develop, approve and revise subsidy eligibility criteria provided that:

(A) Low wage and modest wage employees of small employers shall be eligible for subsidies if:

(1) The small employer has not previously offered health insurance coverage; or

(2) the small employer has previously offered health insurance coverage and a majority of such small employer's employees are low wage or modest wage employees as defined in K.S.A. 40-4701, and amendments thereto;

(B) any small employer's eligible employee with a child who is eligible for coverage under the state children's health insurance program established by K.S.A. 38-2001 *et seq.*, and amendments thereto, or in the state medical assistance program shall be eligible automatically for a subsidy and shall be included in the determination of eligibility for the small employer and its low-and-modest wage employees; and

(C) at least 70% of the small employer's eligible employees without group health insurance coverage from another source are insured through the partnership; and

(2) determine and arrange for eligibility determination for subsidies of low wage or modest wage employees; and

(3) develop subsidy schedules based upon eligible employee wage levels and family income.

(g) The health committee shall oversee and monitor the ongoing operation of any subsidy program and the financial accountability of all subsidy funds. If, in the judgment of the health committee, the entity selected to serve as the health partnership fails to perform as intended, the health committee may terminate its selection and designation of that entity as the health partnership and may issue a new request for proposal and select a different qualified entity to serve as the health partnership.

(h) The health committee is hereby authorized to accept funds from the federal government, or its agencies, or any other source whatsoever for research studies, investigation, planning and other purposes related to implementation of the objectives of this act. Any funds so received shall be deposited in the state treasury and shall be credited to a special revenue fund which is hereby created and shall be known as the health committee insurance fund and used in accordance with or direction of the contributing federal agencies. Expenditures from such fund may be made for any purpose in keeping with the responsibilities, functions and authority of the department. Warrants on such fund shall be drawn in the same manner as required of other state agencies upon vouchers signed by the secretary of the department of social and rehabilitation services upon receiving prior approval of the health committee.

(i) The health committee is authorized to develop policies for the administration of the subsidy program and for the use of additional federal

or private funds to subsidize health insurance coverage for low-and-modest wage employees of predominantly low-wage small employers.

(j) The health committee is hereby authorized to organize, or cause to be organized, one or more advisory committees. No member of any advisory committee established under this subsection shall have previously received or currently receive any payment or other compensation from the health partnership. The membership of each advisory committee established under this subsection shall contain at least one representative who is a small employer and one representative who is an eligible employee as defined in K.S.A. 40-4701, and amendments thereto, and one representative of the insurance industry.

Sec. 15. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1401 is hereby amended to read as follows: 58-1401. As used in this act:

(a) “Dwelling” means any single family residence and each individual living unit in a duplex or triplex residential building which is constructed with public financial assistance.

(b) “Public financial assistance” means:

- (1) A building contract or similar contractual agreement with any state agency;
- (2) any real estate received by the owner through a donation by the state;
- (3) state tax credits;
- (4) grant assistance from state funds;
- (5) state loan guarantees; or
- (6) federal funds administered by the state or a state agency.

(c) ~~“Secretary”~~ “Director” means the ~~secretary of the Kansas department of commerce and housing~~ *director of the division of housing in the Kansas development finance authority.*

Sec. 16. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1405 is hereby amended to read as follows: 58-1405. (a) Upon application therefor, the ~~secretary~~ *director* may waive any requirement of K.S.A. 2002 Supp. 58-1402, and amendments thereto. Applications for a waiver shall be submitted to the ~~secretary~~ *director*. If the ~~secretary~~ *director* determines that such compliance is financially or environmentally impractical, the ~~secretary~~ *director* may waive such requirement. The ~~secretary~~ *director* shall render a decision regarding any application submitted pursuant to this section within 60 days of receipt thereof.

(b) Unless otherwise provided by rules and regulations adopted by the ~~secretary~~ *director*, proceedings to consider a waiver under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

(c) Appeals from the decision of the ~~secretary~~ *director* shall be governed by the provisions of the act for judicial review and civil enforcement of agency actions.

Sec. 17. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1406 is hereby amended to read as follows: 58-1406. The provisions of this act shall not apply to any dwelling which is:

- (a) A private residence which is owner-occupied or which is under contract for occupation by the owner;
- (b) a private residence for which an individual tax credit *is received*;
- (c) a private residence which is financed with funds from the federal housing administration, rural development programs administered by the United States department of agriculture or under a single-family mortgage guarantee assistance program;
- (d) a private residence for which rental vouchers or certificates under 42 U.S.C. §1437 are accepted;
- (e) financed with public funds other than state funds or federal funds administered by the state or a state agency; or
- (f) a dwelling the design or construction of which commenced prior to July 1, 2002, as evidenced by (1) a payment for such design or construction, (2) a contract for such design or construction or (3) or other proof sufficient to the ~~secretary~~ *director* as prescribed by rules and regulations.

Sec. 18. On and after July 1, 2003, K.S.A. 2002 Supp. 58-1407 is hereby amended to read as follows: 58-1407. The ~~secretary~~ *director* shall adopt any rules and regulations necessary to implement the provisions of this act.

Sec. 19. On and after July 1, 2003, K.S.A. 65-5721 is hereby amended to read as follows: 65-5721. (a) On the effective date of this order, there is hereby established the commission on emergency planning and response.

(b) The membership of the commission on emergency planning and response shall consist of the agency head or secretary or a designated person of authority from the following agencies:

- (1) the fire marshal;
- (2) the department of health and environment;
- (3) the department of transportation;
- (4) the Kansas highway patrol;
- (5) the adjutant general; and
- (6) the department of commerce ~~and housing~~.

(c) In addition, the membership of the commission on emergency planning and response shall also consist of seven members appointed by the governor as follows:

- (1) Two individuals shall be representative of counties;
- (2) two individuals selected to represent cities; and
- (3) three individuals selected to represent businesses and industries.

(d) A designee of the adjutant general shall serve as the secretary of the commission on emergency planning and response. The adjutant general shall provide staff support for the commission on emergency planning and response.

(e) Of the members first appointed to the commission on emergency planning and response by the governor, one representative of cities, one representative of counties, and one representative of business and industry shall serve a term of two years, and the remainder of the members appointed by the governor shall serve terms of three years. Thereafter, members who represent cities, counties, and business and industry shall serve terms of four years and until the successor has been appointed. Any vacancy in the office of an appointed member shall be filled for the unexpired term by appointment by the governor.

(f) A chairperson shall be elected annually by the members of the commission. A vice-chairperson shall be designated by the chairperson to serve in the absence of the chairperson.

(g) For attending meetings of such commission, or attending a subcommittee meeting thereof authorized by such commission, those members of the commission appointed by the governor shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

Sec. 20. On and after July 1, 2003, K.S.A. 72-4436 is hereby amended to read as follows: 72-4436. As used in this act:

(a) “Area vocational school,” “area vocational-technical school,” “community college” and “school year” have the meanings respectively ascribed thereto in K.S.A. 72-4412 and amendments thereto.

(b) “Operating budget” has the meaning ascribed thereto in K.S.A. 72-4430 and amendments thereto.

(c) “School” means any area vocational school, any area vocational-technical school and any community college.

(d) “Vocational education instructional equipment aid” means state financial aid distributed under this act by the secretary of commerce ~~and housing~~ to a school for the purpose of acquiring vocational education instructional equipment.

Sec. 21. On and after July 1, 2003, K.S.A. 72-4437 is hereby amended to read as follows: 72-4437. (a) Subject to the provisions of appropriations acts, vocational education instructional equipment aid shall be distributed to schools in accordance with this act. Any such distribution shall be on a competitive basis and the amount thereof for each school shall be determined by the secretary of commerce ~~and housing~~ on the basis of the condition of existing equipment and potential for stimulating economic growth and enhancing employment opportunities within the state. The secretary of commerce ~~and housing~~ shall establish criteria for evaluating applications of schools for vocational education instructional equipment aid.

(b) Payments of vocational education instructional equipment aid shall be distributed by the secretary of commerce ~~and housing~~ on dates to be determined by the secretary. Upon receipt of such payment, the

treasurer of each area vocational school shall deposit the amount thereof to the credit of the area vocational school fund. The treasurer of each area vocational-technical school shall deposit the amount of such warrant to the credit of the vocational education instructional equipment fund established by this act.

Sec. 22. On and after July 1, 2003, K.S.A. 73-2402 is hereby amended to read as follows: 73-2402. (a) There is hereby created an advisory committee to assist in the work of the Kansas territorial sesquicentennial commission. The advisory committee shall be composed of the following members:

- (1) The executive director of the Kansas state historical society, who shall serve as chairperson of the advisory committee;
- (2) the director of the Kansas humanities council or the director's designee;
- (3) the director of the Kansas arts commission or the director's designee;
- (4) the director of the division of travel and tourism development of the department of commerce ~~and housing~~ or the director's designee;
- (5) the commissioner of education or the commissioner's designee;
- (6) fifteen members appointed by the governor as follows: (A) Six members of history faculties of universities under the supervision of the state board of regents; (B) six members of history faculties of community colleges or private colleges or universities in the state; (C) a representative of the travel industry association of Kansas; (D) a representative of the Kansas museums association; and (E) a representative of the territorial Kansas heritage alliance;
- (7) two members appointed by the speaker of the house of representatives;
- (8) two members appointed by the minority leader of the house of representatives;
- (9) two members appointed by the president of the senate; and
- (10) two members appointed by the minority leader of the senate.

(b) The chairperson of the advisory committee shall appoint a person to serve as secretary of the committee.

(c) Members of the advisory committee shall serve without compensation or reimbursement of expenses.

Sec. 23. On and after July 1, 2003, K.S.A. 73-2404 is hereby amended to read as follows: 73-2404. (a) In fulfilling its responsibilities, the Kansas territorial sesquicentennial commission shall consult, cooperate with and seek advice from appropriate state agencies, local and public bodies, learned societies and historical, patriotic, philanthropic, civil, professional and related organizations. State agencies shall cooperate with the commission in planning, encouraging, developing and coordinating appropriate commemorative activities.

(b) The chief executive officer of each state university shall cooperate with the commission, especially in the encouragement and coordination of scholarly works and presentations on the history, culture and political activities related to the territorial period in Kansas history.

(c) The state historical society and the state librarian shall cooperate with the commission, especially in the development and displays of exhibits and collections and in the development of bibliographies, catalogs and other materials relevant to the territorial period.

(d) The division of travel and tourism development of the department of commerce ~~and housing~~ shall cooperate with the commission in marketing to potential visitors to the state commemorative activities enabling visitors to experience the cultural heritage of Kansas.

Sec. 24. On and after July 1, 2003, K.S.A. 74-520a is hereby amended to read as follows: 74-520a. (a) On and after March 15, 1995, the Kansas state fair board is hereby established. The Kansas state fair board shall consist of the following members:

- (1) The secretary of agriculture or the successor of the secretary of agriculture, or the secretary's designee;
- (2) the secretary of commerce ~~and housing~~, or the secretary's designee;
- (3) the director of extension of Kansas state university of agriculture and applied science, or the director's designee;

- (4) one person appointed by the governor from three persons nominated by the Kansas chamber of commerce and industry;
- (5) one person appointed by the governor from three persons nominated by the travel industry association of Kansas;
- (6) one person appointed by the governor from three persons nominated by the Kansas fairs association;
- (7) one person appointed by the Kansas technology enterprise corporation from among the board of directors of the Kansas technology enterprise corporation; and
- (8) six people from the general public appointed by the governor. Of such people appointed, one shall be from each of the five extension areas, as established in subsection (e), and one shall represent the state at large. Directors of each extension area shall submit three nominations to the governor. Such persons nominated shall be actively involved in agriculture production or agribusiness.

(b) Of the persons initially appointed by the governor under subsection (a), three shall have a term of one year, three shall have a term of two years and three shall have a term of three years and until a successor is appointed and qualified. Thereafter, all members shall have terms of three years and until a successor is appointed and qualified.

(c) Any vacancy occurring on the Kansas state fair board shall be filled as the original appointment was made.

(d) If any of the members able to appoint a designee does so, the designee shall be appointed for a term of not less than one year.

(e) For the purpose of this section the state shall be divided into five extension areas. The northwest extension area shall include the following counties: Cheyenne, Rawlins, Decatur, Norton, Phillips, Smith, Osborne, Rooks, Graham, Sheridan, Thomas, Sherman, Wallace, Logan, Gove, Trego, Ellis, Russell, Barton, Rush and Ness. The southwest extension area shall include the following counties: Greeley, Wichita, Scott, Lane, Pawnee, Hodgeman, Finney, Kearny, Hamilton, Edwards, Ford, Gray, Haskell, Grant, Stanton, Morton, Stevens, Seward, Meade, Clark, Comanche and Kiowa. The south central extension area shall include the following counties: Lincoln, Ottawa, Dickinson, Ellsworth, Saline, Rice, McPherson, Marion, Reno, Harvey, Butler, Kingman, Sedgwick, Cowley, Sumner, Harper, Barber, Pratt and Stafford. The southeast extension area shall include the following counties: Morris, Chase, Lyon, Osage, Franklin, Miami, Coffey, Anderson, Linn, Bourbon, Allen, Woodson, Greenwood, Elk, Wilson, Neosho, Crawford, Chautauqua, Montgomery, Labette and Cherokee. The northeast extension area shall include the following counties: Jewell, Republic, Washington, Marshall, Nemaha, Brown, Doniphan, Mitchell, Cloud, Clay, Riley, Pottawatomie, Jackson, Atchison, Jefferson, Leavenworth, Wyandotte, Johnson, Douglas, Shawnee, Wabaunsee and Geary.

Sec. 25. On and after July 1, 2003, K.S.A. 74-567 is hereby amended to read as follows: 74-567. (a) The state board of agriculture shall have such powers, duties and functions as prescribed by this section. The board shall serve in an advisory capacity to the governor and the secretary to review and make recommendations on department legislative initiatives and proposed rules and regulations or proposed revised rules and regulations prior to the submission of such rules and regulations to the secretary of administration pursuant to K.S.A. 77-420, and amendments thereto, other than rules and regulations pertaining to personnel matters of the department and rules and regulations of the division of water resources. The board shall not have any powers, duties or functions concerning the day-to-day operations of the department of agriculture.

(b) The board shall serve in an advisory capacity to the agriculture products development division of the department of commerce ~~and housing~~. The board shall advise the division on issues and concerns relating to agriculture products development and marketing.

(c) The agriculture products development division of the department of commerce ~~and housing~~ shall report to the board, at not less than two meetings of such board each year, on the activities and functions of the division.

Sec. 26. On and after July 1, 2003, K.S.A. 74-575 is hereby amended to read as follows: 74-575. (a) Except as otherwise provided by this act, the secretary of agriculture shall be the successor in every way to the

powers, duties, and functions of the division of marketing and director of marketing in which the same were vested prior to the effective date of this act and which are transferred pursuant to K.S.A. 74-574. Every act performed in the exercise of such powers, duties, and functions by or under the authority of the secretary of agriculture shall be deemed to have the same force and effect as if performed by the division of marketing or director of marketing in which such powers, duties, and functions were vested prior to the effective date of this act.

(b) Whenever the “division of markets,” or words of like effect, are referred to or designated by a statute, contract, or other document, and such reference is in regard to one of the powers and duties transferred to the department of agriculture pursuant to K.S.A. 74-574, such reference or designation shall be deemed to apply to the department of agriculture. Whenever the “director of marketing,” or words of like effect, are referred to or designated by a statute, contract, or other document, and such reference is in regard to one of the powers and duties transferred to the department of commerce and housing pursuant to K.S.A. 74-574, such reference or designation shall be deemed to apply to the secretary of agriculture.

(c) All rules and regulations, orders, and directives of the division of marketing or director of marketing pertaining to powers and duties transferred pursuant to K.S.A. 74-574 shall continue to be effective and shall be deemed to be rules and regulations, orders, and directives of the secretary of agriculture until revised, amended, or nullified pursuant to law.

Sec. 27. On and after July 1, 2003, K.S.A. 74-2622 is hereby amended to read as follows: 74-2622. (a) There is hereby established within and as a part of the Kansas water office the Kansas water authority. The authority shall be composed of 23 members of whom 13 shall be appointed as follows: (1) One member shall be 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, such person shall not exercise any power, duty or function as a member or chairperson of the water authority until confirmed by the senate. Such member shall serve at the pleasure of the governor and shall be the chairperson of the authority; (2) except as provided by subsection (b), 10 members shall be appointed by the governor for terms of four years. Of the members appointed under this provision one shall be a representative of large municipal water users, one shall be representative of small municipal water users, one shall be a board member of a western Kansas groundwater management district, one shall be a board member of a central Kansas groundwater management district, one shall be a member of the Kansas association of conservation districts, one shall be representative of industrial water users, one shall be a member of the state association of watershed districts, one shall have a demonstrated background and interest in water use conservation and environmental issues, and two shall be representative of the general public. The member who is representative of large municipal water users shall be appointed from three nominations submitted by the league of Kansas municipalities. The member who is representative of small municipal water users shall be appointed from three nominations submitted by the Kansas rural water district's association. The member who is representative of a western Kansas groundwater management district shall be appointed from three nominations submitted by the presidents of the groundwater management district boards No. 1, 3 and 4. The member who is representative of a central Kansas groundwater management district shall be appointed from three nominations submitted by the presidents of the groundwater management district boards No. 2 and 5. The member who is representative of industrial water users shall be appointed from three nominations submitted by the Kansas association of commerce and industry. The member who is representative of the state association of watershed districts shall be appointed from three nominations submitted by the state association of watershed districts. The member who is representative of the Kansas association of conservation districts shall be appointed from three nominations submitted by the state association of conservation districts. If the governor cannot make an appointment from the original nominations, the nominating authority shall be so advised and, within 30 days thereafter, shall submit three new nominations. Members appointed by the governor

shall be selected with special reference to training and experience with respect to the functions of the Kansas water authority, and no more than six of such members shall belong to the same political party; (3) one member shall be appointed by the president of the senate for a term of two years; and (4) one member shall be appointed by the speaker of the house of representatives for a term of two years. The state geologist, the chief engineer of the division of water resources of the state board of agriculture, the director of the division of environment of the department of health and environment, the chairperson of the state corporation commission, the secretary of commerce and housing, the director of the Kansas water office, the secretary of wildlife and parks, the administrative officer of the state conservation commission, the secretary of the state board of agriculture and the director of the agricultural experiment stations of Kansas state university of agriculture and applied science shall be nonvoting members ex officio of the authority. The director of the Kansas water office shall serve as the secretary of the authority.

(b) A member appointed pursuant to subsection (a)(2) shall be appointed for a term expiring on January 15 of the fourth calendar year following appointment and until a successor is appointed and qualified.

(c) In the case of a vacancy in the appointed membership of the Kansas water authority, the vacancy shall be filled for the unexpired term by appointment in the same manner that the original appointment was made. Appointed members of the authority attending regular or special meetings thereof shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

(d) The Kansas water authority shall:

(1) Consult with and be advisory to the governor, the legislature and the director of the Kansas water office.

(2) Review plans for the development, management and use of the water resources of the state by any state or local agency.

(3) Make a study of the laws of this state, other states and the federal government relating to conservation and development of water resources, appropriation of water for beneficial use, flood control, construction of levees, drainage, irrigation, soil conservation, watershed development, stream control, gauging of stream and stream pollution for the purpose of determining the necessity or advisability of the enactment of new or amendatory legislation in this state on such subjects.

(4) Make recommendations to other state agencies and political subdivisions of the state for the coordination of their activities relating to flood control, construction of levees, drainage, irrigation, soil conservation, watershed development, stream control, gauging of stream, stream pollution and groundwater studies.

(5) Make recommendations to each regular session of the legislature and to the governor at such times as the authority considers advisable concerning necessary or advisable legislation relating to any of the matters or subjects which it is required by this act to study for the purpose of making recommendations to the legislature. All such recommendations to the legislature shall be in drafted bill form together with such explanatory information and data as the authority considers advisable.

(6) Approve, prior to submission to the legislature by the Kansas water office or its director, (A) any contract entered into pursuant to the state water plan storage act, (B) any amendments to the state water plan or the state water planning act and (C) any other legislation concerning water resources of the state.

(7) Approve, before they become effective, any policy changes proposed by the Kansas water office concerning the pricing of water for sale pursuant to the state water plan storage act.

(8) Approve, before it becomes effective, any agreement entered into with the federal government by the Kansas water office.

(9) Request any agency of the state, which shall have the duty upon that request, to submit its budget estimate pertaining to the state's water resources and any plans or programs related thereto and, upon the authority's receipt of such budget estimate, review and evaluate it and furnish recommendations relating thereto to the governor and the legislature.

(10) Approve, prior to adoption by the director of the Kansas water office, rules and regulations authorized by law to be adopted.

(11) Approve, prior to adoption by the director of the Kansas water office, guidelines for conservation plans and practices developed pursuant to subsection (c) of K.S.A. 74-2608, and amendments thereto.

(e) The Kansas water authority may appoint citizens' advisory committees to study and advise on any subjects upon which the authority is required or authorized by this act to study or make recommendations.

(f) The provisions of the Kansas governmental operations accountability law apply to the Kansas water authority, and the authority is subject to audit, review and evaluation under such law.

Sec. 28. On and after July 1, 2003, K.S.A. 74-2916 is hereby amended to read as follows: 74-2916. (a) Notwithstanding the provisions of K.S.A. 74-5074, and amendments thereto, on July 1, 2002, or as soon thereafter as moneys are available, the secretary of commerce ~~and housing~~ is authorized and directed to loan to the director of the Kansas sports hall of fame \$100,000 from the Kansas export loan guarantee fund. The director of the Kansas sports hall of fame is authorized and directed to use any moneys in the Kansas sports hall of fame surcharge fund to provide for the ongoing expenses of the Kansas sports hall of fame. Such loan shall not bear interest. Such loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the constitution of the state of Kansas.

(b) Upon certification by the secretary of commerce ~~and housing~~ and by the director of the Kansas sports hall of fame, the director of accounts and reports shall transfer such amount from the Kansas export loan guarantee fund to the Kansas sports hall of fame surcharge fund.

(c) The loan authorized pursuant to subsection (a) shall be repaid in one payment payable on or before June 30, 2003, of \$50,000, and one payment payable on or before June 30, 2004 of \$50,000.

(d) The state of Kansas sports hall of fame board of trustees, in consultation with postsecondary educational institutions and the accredited independent institutions, shall develop and implement a voluntary plan to have such institutions participate in the raising of funds for the Kansas sports hall of fame.

(e) Quarterly, during fiscal year 2003 and 2004, the state of Kansas sports hall of fame board of trustees shall submit a report to the chairperson of the legislative budget committee concerning the progress and provisions of this act when the legislature is not in session and the chairperson of the committee on appropriations of the house of representatives and the chairperson of the committee on ways and means of the senate when the legislature is in session.

(f) "Postsecondary educational institution" means Kansas state university, the university of Kansas, Wichita state university, Emporia state university, Fort Hays state university, Pittsburg state university, Washburn university and any community college.

Sec. 29. On and after July 1, 2003, K.S.A. 74-32,151 is hereby amended to read as follows: 74-32,151. (a) This section and K.S.A. 74-32,152 through 74-32,159, and amendments thereto, shall be known and may be cited as the workforce development loan program act.

(b) As used in the workforce development loan act, "postsecondary educational institution" shall have the meaning ascribed thereto by K.S.A. 74-3201b, and amendments thereto.

(c) Within the limits of appropriations and private contributions therefor, and in accordance with the provisions of this act, the state board of regents may award such loans to Kansas residents who are enrolled in or admitted to an area vocational technical school, technical college, community college, vocational school coordinated under the state board of regents or associate degree programs at postsecondary educational institutions and who enter into a written agreement with the state board of regents as provided in K.S.A. 74-32,152 and amendments thereto.

(d) The board of regents may accept any private contributions to the program. The chief executive officer of the board of regents shall turn such contributions over to the state treasurer who shall deposit such moneys into the workforce development loan fund.

(e) After consultation with the secretaries of the departments of human resources, social and rehabilitation services and commerce ~~and housing~~, the board may establish a list of education programs in which an applicant must enroll to be eligible for a loan under this program.

(f) The loans shall be awarded on a priority basis to qualified applicants who have the greatest financial need with the highest priority given to those applicants with the greatest financial need who were in foster care on or before their 18th birthday or were released from foster care prior to their 18th birthday after having graduated from high school or completing the requirements for a general educational development (GED) certificate while in foster care. All loans shall be awarded to resident students attending area vocational technical schools, technical colleges, community colleges, area vocational schools or associate degree programs at postsecondary educational institutions. Special preference shall also be established for residents drawing unemployment compensation or such residents who were laid off from employment within the prior six months. The board may also establish preferences for workers deemed to be eligible for North American free trade agreement transition assistance under United States department of labor standards or the Kansas department of human resources standards.

(g) Loans awarded under this program shall be awarded on an annual basis and shall be in effect for one year unless otherwise terminated before the expiration of such period of time. Such loans shall be awarded for the payment of tuition, fees, books, room and board and any other necessary school related expenses.

Sec. 30. On and after July 1, 2003, K.S.A. 74-4911f is hereby amended to read as follows: 74-4911f. (a) Subject to procedures or limitations prescribed by the governor, any person who is not an employee and who becomes a state officer may elect to not become a member of the system. The election to not become a member of the system must be filed within 90 days of assuming the position of state officer. Such election shall be irrevocable. If such election is not filed by such state officer, such state officer shall be a member of the system.

(b) Any such state officer who is a member of the Kansas public employees retirement system, on or after the effective date of this act, may elect to not be a member by filing an election with the office of the retirement system. The election to not become a member of the system must be filed within 90 days of assuming the position of state officer. If such election is not filed by such state officer, such state officer shall be a member of the system.

(c) Subject to limitations prescribed by the secretary of administration, the state agency employing any employee who has filed an election as provided under subsection (a) or (b) and who has entered into an employee participation agreement, as provided in K.S.A. 75-5524 and amendments thereto for deferred compensation pursuant to the Kansas public employees deferred compensation plan shall contribute to such plan on such employee's behalf an amount equal to 8% of the employee's salary, as such salary has been approved pursuant to K.S.A. 75-2935b and amendments thereto or as otherwise prescribed by law.

(d) As used in this section and K.S.A. 74-4927k and amendments thereto, "state officer" means the secretary of administration, secretary on aging, secretary of commerce ~~and housing~~, secretary of corrections, secretary of health and environment, secretary of human resources, secretary of revenue, secretary of social and rehabilitation services, secretary of transportation, secretary of wildlife and parks, superintendent of the Kansas highway patrol, secretary of agriculture, executive director of the Kansas lottery, executive director of the Kansas racing commission, president of the Kansas development finance authority, state fire marshal, state librarian, securities commissioner, adjutant general, members of the state board of tax appeals, members of the Kansas parole board, members of the state corporation commission, any unclassified employee on the staff of officers of both houses of the legislature, any unclassified employee appointed to the governor's or lieutenant governor's staff and any person employed by the legislative branch of the state of Kansas, other than any such person receiving service credited under the Kansas public employees retirement system or any other retirement system of the state of Kansas therefor, who elected to be covered by the provisions of this section as provided in subsection (e) of K.S.A. 46-1302 and amendments thereto or who is first employed on or after July 1, 1996, by the legislative branch of the state of Kansas.

(e) The provisions of this section shall not apply to any state officer

who has elected to remain eligible for assistance by the state board of regents as provided in subsection (a) of K.S.A. 74-4925 and amendments thereto.

Sec. 31. On and after July 1, 2003, K.S.A. 74-5002o is hereby amended to read as follows: 74-5002o. The secretary of commerce ~~and housing~~ may organize the department of commerce ~~and housing~~ in the manner the secretary of commerce deems most efficient, so long as the same is not in conflict with law. The secretary may establish policies governing the transaction of business of the department and the administration of the department. Division heads and employees of the department of commerce ~~and housing~~ not within a particular division shall perform such duties and exercise such powers as are prescribed by law and such other duties as the secretary of commerce ~~and housing~~ may prescribe, and such person shall act for, and exercise the powers of, the secretary of commerce ~~and housing~~ to the extent authority to do so is delegated by the secretary of commerce ~~and housing~~ to them. Personnel of each division shall perform such duties and exercise such powers as the head of the division may prescribe and such duties and powers as are prescribed by law. Personnel of each division shall act for, and exercise the powers of, their division head to the extent authority to do so is delegated by the division head.

Sec. 32. On and after July 1, 2003, K.S.A. 74-5049 is hereby amended to read as follows: 74-5049. (a) In order to insure that the department of commerce ~~and housing~~ is effectively administering this act, the department shall cooperate with 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 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 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 economy 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. 33. On and after July 1, 2003, K.S.A. 74-5073 is hereby amended to read as follows: 74-5073. (a) There is hereby established the Kansas export loan guarantee review committee within the department of commerce ~~and housing~~. The committee shall consist of five members all of whom have appropriate experience and expertise in areas of commercial finance. At least two members shall have experience in commercial finance from the perspective of a borrower and at least two members

shall have experience and expertise in international finance. The members of the committee shall be 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 to the committee shall exercise any power, duty or function as a member of the committee until confirmed by the senate. Except as provided by subsection (b), members shall serve until a successor is appointed and confirmed. Not more than three members of the committee shall be of the same political party.

(b) The terms of members who are serving on the committee 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.

(c) The committee shall review all proposals for Kansas export loan financing guarantees under K.S.A. 74-5072 and amendments thereto and shall approve those proposals that the committee deems to represent reasonable risks and to have a sufficient likelihood of repayment. The committee shall advise the secretary of commerce ~~and housing~~ on matters under this act when requested by the secretary and may provide such advice when deemed appropriate by the committee. The committee shall submit an annual report of its activities as a part of the department's annual report pursuant to K.S.A. 74-5049, and amendments thereto.

(d) The secretary of commerce ~~and housing~~ shall serve as a nonvoting chairperson of the committee, and the committee shall annually elect a vice-chairperson from among its members. The committee shall meet upon call of the chairperson or upon call of any two of its members. Three voting members shall constitute a quorum for the transaction of business.

(e) Members of the Kansas export loan guarantee review committee attending meetings of the committee, or attending a subcommittee meeting thereof authorized by the committee, shall be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

Sec. 34. On and after July 1, 2003, K.S.A. 74-5074 is hereby amended to read as follows: 74-5074. (a) There is hereby established the Kansas export loan guarantee fund in the state treasury. The Kansas export loan guarantee fund shall be administered by the secretary of commerce ~~and housing~~. All moneys in the Kansas export loan guarantee fund shall be used to provide guarantees against commercial preexport and postexport credit risks in accordance with this act.

(b) All moneys received for Kansas export loan financing guarantee fees under K.S.A. 74-5072, and amendments thereto, shall be remitted 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 Kansas export loan guarantee fund.

(c) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the Kansas export loan guarantee fund interest earnings based on:

- (1) The average daily balance of moneys in the Kansas export loan guarantee fund for the preceding month; and
- (2) the net earnings rate of the pooled money investment portfolio for the preceding month.

Sec. 35. On and after July 1, 2003, K.S.A. 74-5082 is hereby amended to read as follows: 74-5082. (a) ~~On and after July 1, 2003, there is hereby established within and as a part of the division of community development the office~~ *the Kansas development finance authority a division* of housing the head of which shall be the director of housing. Under the supervision of the ~~director of community development~~ *president of the Kansas development finance authority*, the director of housing shall administer the ~~office~~ *division* of housing.

(b) Subject to and in accordance with ~~appropriations acts~~ *the provisions of K.S.A. 74-8901 et seq., and amendments thereto*, the ~~office~~ *division* of housing is hereby authorized and empowered to:

- (1) Prepare, from time to time amend, and administer the state hous-

ing plan in accordance with criteria of the federal department of housing and urban development;

(2) serve as a clearinghouse and single point of contact for the state regarding information, programs, and resources related to affordable and accessible housing;

(3) provide access and management of federal housing programs for delivery to the citizens and businesses of Kansas;

(4) work with existing agencies, organizations, and social programs to assist in the development of affordable and accessible housing; and

(5) exercise such other powers and perform such other duties as may be prescribed by law.

(c) The ~~office~~ *division* of housing shall prepare and submit to the governor and the legislature an annual report regarding administration of the state housing plan.

Sec. 36. On and after July 1, 2003, K.S.A. 74-5084 is hereby amended to read as follows: 74-5084. Whenever the designation of a state agency is required by any federal act or program under which federal financial assistance is made available for housing or housing related purposes, the ~~department of commerce~~ *division of housing in the Kansas development finance authority* shall serve as the officially designated state agency of Kansas and such ~~department~~ *division* shall be responsible for exercising the powers and performing the functions and duties required of state agencies under such federal acts and programs.

Sec. 37. On and after July 1, 2003, K.S.A. 74-5086a is hereby amended to read as follows: 74-5086a. (a) There is hereby established in the state treasury the state housing trust fund. All moneys credited to the state housing trust fund shall be used for the purposes of housing programs and services including, but not limited to, the provision of financial programs for the repair, rehabilitation and improvement of existing residential housing, accessibility modifications, rental subsidies and the provision of housing services and assistance to persons having low or moderate income and disabled persons.

(b) The state housing trust fund shall be administered by the ~~office~~ *division* of housing ~~of in the department of commerce and housing~~ *Kansas development finance authority*. ~~All expenditures from the state housing trust fund shall be in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce and housing or the secretary's designee.~~

(c) The ~~office~~ *division* of housing and the ~~department of commerce and housing~~ *Kansas development finance authority* are hereby authorized to apply for and receive available public or private grants, gifts and donations for the purposes of housing programs and services. All such grants, gifts and donations shall be remitted 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 and all such grants, gifts and donations, which are not required to be credited in a separate special revenue fund, shall be credited to the state housing trust fund. All moneys received by the ~~department of commerce and housing~~ for fees related to housing shall be remitted 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 and such moneys, which are not required to be credited in a separate special revenue fund, shall be credited to the ~~state housing trust fund~~ *division of housing in the Kansas development finance authority*.

(d) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the state housing trust fund interest earnings based on:

(1) The average daily balance of moneys in the state housing trust fund for the preceding month; and

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

Sec. 38. On and after July 1, 2003, K.S.A. 74-5089 is hereby amended to read as follows: 74-5089. (a) There is hereby established a state matching grant program to provide assistance in the promotion of

tourism and development of quality tourist attractions within the state of Kansas. Grants awarded under this program shall be limited to not more than 40% of the cost of any proposed project. Applicants shall not utilize any state moneys to meet the matching requirements under the provisions of this program. Both public and private entities shall be eligible to apply for a grant under the provisions of this act. Not less than 75% of all moneys granted under this program shall be allocated to public entities or entities exempt from taxation under the provisions of 501(c)(3) of the federal internal revenue code of 1986 and amendments thereto. After July 1, 1994, no more than 20% of moneys granted to public or nonprofit entities shall be granted to any single such entity. Furthermore, after July 1, 1994, no more than 20% of moneys granted to private entities shall be granted to any single such entity. The secretary of commerce ~~and housing~~ shall administer the provisions of this act and the secretary may adopt rules and regulations establishing criteria for qualification for a matching grant and such other matters deemed necessary by the secretary for the administration of this act.

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

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

Sec. 39. On and after July 1, 2003, K.S.A. 74-5091 is hereby amended to read as follows: 74-5091. (a) There is hereby established the Kansas tourist attraction matching grant development fund in the state treasury. The Kansas tourist attraction matching grant development fund shall be administered by the secretary of commerce ~~and housing~~. All moneys in the Kansas tourist attraction matching grant development fund shall be used to provide matching grants to provide assistance in the promotion of tourism and the development of quality tourist attractions within this state in accordance with this act.

(b) All moneys received pursuant to subsection (c) of K.S.A. 74-5032a, and amendments thereto, shall be remitted 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 Kansas tourist attraction matching grant development fund.

(c) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the Kansas tourist attraction matching grant development fund interest earnings based on:

- (1) The average daily balance of moneys in the Kansas tourist attraction matching grant development fund for the preceding month; and
- (2) the net earnings rate for the pooled money investment portfolio for the preceding month.

Sec. 40. On and after July 1, 2003, K.S.A. 74-5095 is hereby amended to read as follows: 74-5095. (a) There is hereby established the community strategic planning grant committee which is composed of the following:

- (1) The president of Kansas, Inc., who shall act as chairperson;
- (2) the director of the national institute for rural development or the director's designee;
- (3) one member from the Kansas association of counties;
- (4) one member from the Kansas league of municipalities;
- (5) one member from the Kansas industrial developers association who is also from a metropolitan county; and
- (6) one member with extensive knowledge of urban revitalization or public finance or both who shall be appointed by the secretary of commerce ~~and housing~~.

(b) Members designated in subsections (a)(3), (4) and (5) shall be

appointed by the secretary of commerce ~~and housing~~ in consultation with the respective associations named therein.

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

(d) Members of the committee attending meetings of the committee, or attending a subcommittee meeting thereof authorized by the committee, may be paid compensation, subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223 and amendments thereto.

Sec. 41. On and after July 1, 2003, K.S.A. 74-5096 is hereby amended to read as follows: 74-5096. The department of commerce ~~and housing~~ shall administer the provisions of this act to provide:

(a) Grants to city-county economic development organizations, located in nonmetropolitan counties, for the development and implementation of county-wide economic development strategy plans.

(b) Grants to neighborhood revitalization organizations, located in metropolitan counties, for the development and implementation of urban revitalization strategy plans.

Sec. 42. On and after July 1, 2003, K.S.A. 74-5097 is hereby amended to read as follows: 74-5097. (a) Subject to the provisions of appropriations acts and in accordance with the provisions of this act, the department of commerce ~~and housing~~ may provide planning grants and action grants to city-county economic development organizations located in nonmetropolitan counties, for the development and implementation of countywide economic development strategy plans or to neighborhood revitalization organizations, in metropolitan counties, for the planning and implementation of urban economic development plans.

(b) The committee shall establish grant eligibility criteria for applicants in both metropolitan and nonmetropolitan counties, and shall administer the competitive selection process for the awarding of planning grants and action grants. The committee shall submit its recommendations for grant awards to the secretary of commerce ~~and housing~~ for final determination and award.

(1) Grant applicants from nonmetropolitan counties shall be subject to the following conditions. Planning grants shall be for the development of countywide economic development strategy plans. No planning grant shall exceed \$15,000 for any single county economic development plan. An additional award for an amount not to exceed \$5,000 may be granted for each additional county participating in the development of a joint multi-county strategic economic development plan, except that under no circumstances shall the total planning grant exceed \$35,000. Any city-county economic development organization receiving a planning grant shall be required to provide additional funds equaling 25% of the amount of the planning grant. Action grants shall be for the implementation of countywide economic development strategy plans. Total action grants shall not exceed \$25,000 for any single county action grant application. An additional award for an amount not to exceed \$10,000 may be granted for each additional county participating in a joint multi-county action grant implementation effort, except that under no circumstances shall the action grant totals exceed \$65,000. Any city-county economic development organization receiving a grant shall be required to provide additional funds equaling 100% of the amount of the action grant. Not more than one planning grant may be awarded to any one county or combination of counties.

(2) Neighborhood revitalization organizations from metropolitan counties shall be subject to the following conditions. Prior to applying to the committee, the neighborhood revitalization organization must submit its application to a local economic development organization designated by the county commission of the county in which the organization is located. The local economic development organization shall review the application and determine whether the application should be funded on the basis of local needs and priorities. If the application is approved by the local economic development organization and endorsed by resolution

by the county commission and the governing body of the city in which the blighted area is located, the application shall be forwarded to the committee for further consideration. Planning grants shall be for the development of urban economic development strategy plans. No planning grant shall exceed \$15,000 for any single urban economic development plan. Any neighborhood revitalization organization receiving a planning grant shall be required to provide additional funds equaling 25% of the amount of the planning grant. Action grants shall be for the implementation of urban economic development strategy plans. Total action grants shall not exceed \$25,000 for any single urban action grant application. Any neighborhood revitalization organization receiving a grant shall be required to provide additional funds equaling 100% of the amount of the action grant. Not more than one planning grant may be awarded to any one neighborhood revitalization organization.

(3) No funds shall be granted under this act to applicants from metropolitan counties unless such funds are specifically appropriated for that purpose.

(4) The secretary of commerce ~~and housing~~ may authorize a recipient of a planning grant, who has unexpended funds from such planning grant, to apply such funds to the implementation of the recipient's approved strategic economic development plan. Any unexpended planning grant funds applied to the implementation of such strategic economic development plan shall require the appropriate 100% match. Application of the unexpended planning grant funds to the implementation of the strategic economic development plan may result in the reduction of any subsequent action grant awarded to the recipient.

(c) The secretary of commerce ~~and housing~~ may enter into an agreement with economic development service providers to provide reimbursement to such providers for expenses incurred in strategic planning activities which do not relate to the facilitation of a specific strategic plan. Such activities may include, but are not limited to, preapplication consulting and maintenance of economic development data bases. Such expenses shall be paid on a per project basis and must be preapproved by the secretary.

(d) Each city-county economic development organization or neighborhood revitalization organization which has received a planning grant beginning on and after July 1, 1990, shall assess the effectiveness of the strategic planning process under this program and the local preparedness in engaging in such process. Such assessment shall be submitted to the Kansas department of commerce ~~and housing~~ within three months after completion of a strategic plan. The status report developed pursuant to subsection (f) shall include a summary of all strategic plan assessments received for a twelve-month period prior to the submittal of the report to the joint committee on economic development. However, the summary may not include assessments submitted within 30 days of the submittal of the department's report. Any such assessments shall be included in a subsequent annual report.

(e) Each city-county economic development organization or neighborhood revitalization organization which has received an action grant beginning on and after July 1, 1990, shall assess the extent to which goals identified in its action plan application have been met. Such assessment shall rely on quantifiable criteria to the greatest possible degree. Such assessment shall be submitted to the Kansas department of commerce ~~and housing~~ within three months after intended actions identified for implementation in the action grant application have been undertaken. The status report developed pursuant to subsection (f) shall include a summary of all action plan assessments received for a twelve-month period prior to the submittal of the report to the joint committee on economic development. However, the summary may not include assessments submitted within 30 days of the submittal of the department's report. Any such assessments shall be included in a subsequent annual report.

(f) As a part of the annual report required pursuant to K.S.A. 74-5049, and amendments thereto, the Kansas department of commerce ~~and housing~~ shall present a status report of activities including, but not limited to, specifics of community strengths and weaknesses and planning issues and strategies under the provisions of this act to the joint committee on economic development.

Sec. 43. On and after July 1, 2003, K.S.A. 74-50,103 is hereby amended to read as follows: 74-50,103. As used in the IMPACT act unless the context clearly requires otherwise:

(a) “Act” means the Kansas investments in major projects and comprehensive training act.

(b) “Agreement” means the agreement among an employer, an educational institution and the secretary of commerce ~~and housing~~ concerning a SKILL project or a combined SKILL project and major project investment and the agreement between an employer and the secretary of commerce ~~and housing~~ concerning a major project investment.

(c) “Bond” means a public purpose bond issued for IMPACT projects by the Kansas development finance authority.

(d) “Date of commencement of the project” means the date of the agreement.

(e) “Educational institution” means a community college, as defined by K.S.A. 71-701, and amendments thereto, an area vocational school or area vocational-technical school, as defined by K.S.A. 72-4412, and amendments thereto, a university, as defined by K.S.A. 72-6501, and amendments thereto, or a state educational institution, as defined by K.S.A. 76-711, and amendments thereto.

(f) “Employee” means a person employed in a new or retained job.

(g) “Employer” means a Kansas basic enterprise providing new jobs or retaining existing jobs in conjunction with a project.

(h) “IMPACT program” or “program” means the major project investments and SKILL projects undertaken by the department of commerce ~~and housing~~ in accordance with the provisions of this act for a new or expanding Kansas basic enterprise.

(i) “IMPACT project” or “project” means a SKILL project, major project investment or a combination of the two.

(j) “Kansas basic enterprise” means any enterprise:

(1) Which is located or principally based in Kansas; and

(2) which can provide demonstrable evidence that:

(A) It is primarily engaged in any one or more of the Kansas basic industries; or

(B) it is primarily engaged in the development or production of goods or the provision of services for out-of-state sale; or

(C) it is primarily engaged in the production of goods or the provision of services which will attract out-of-state buyers or consumers into the state; or

(D) it is primarily engaged in the production of raw materials, ingredients, or components for other enterprises which export the majority of their products from the state; or

(E) it is a national or regional enterprise which is primarily engaged in interstate commerce or an affiliated management company of such an enterprise; or

(F) it is primarily engaged in the production of goods or the provision of services which will supplant goods or services which would be imported into the state; or

(G) it is the corporate or regional headquarters of a multistate enterprise which is primarily engaged in out-of-state industrial activities.

(k) “Kansas basic industry” means:

(1) Agriculture;

(2) mining;

(3) manufacturing;

(4) interstate transportation;

(5) wholesale trade which is primarily multistate in activity or which has a major import supplanting effect within the state;

(6) financial services which are provided primarily for interstate or international transactions;

(7) business services which are provided primarily in out-of-state markets;

(8) research and development of new products, processes, or technologies; or

(9) tourism activities which are primarily engaged in for the purpose of attracting out-of-state tourists.

(l) “Major project investment” or “investment” means financial assistance to an employer to defray business costs including, but not limited

to, relocation expenses, building and equipment purchases, labor recruitment and job retention.

(m) “New job” means a job in a new or expanding Kansas basic enterprise not including jobs of recalled workers, or existing jobs that are vacant or other jobs that formerly existed in the Kansas basic enterprise in Kansas.

(n) “Primarily engaged” means engagement in an activity by an enterprise to the extent that not less than 51% of the gross income of the enterprise is derived from such engagement.

(o) “Program costs” means all necessary and incidental costs of providing program services, except that program costs shall not include: (1) Any wages paid to persons receiving education or training under a project, (2) any costs for purchase or lease of training equipment that exceed 50% of total program costs for the project, and (3) any costs for administrative expenses of educational institutions that exceed 10% of total program costs for the project.

(p) “Program services” means:

(1) New jobs training, including training development costs, except that the actual training period for any new job shall not exceed 36 months from the date the job is first filled by an employee;

(2) adult basic education and job-related instruction;

(3) vocational and skill-assessment services and testing;

(4) training equipment for education institutions;

(5) material and supplies;

(6) administrative expenses of educational institutions for new jobs training programs;

(7) subcontracted services with other educational institutions, private colleges or universities or other federal, state or local agencies; and

(8) contracted or professional service;

(9) major project investments.

(q) “Retained job” means an existing job which will be lost without participation by the employer under the provisions of the IMPACT program.

(r) “SKILL project” means a training arrangement which is the subject of an agreement entered into between the educational institution and an employer to provide program services.

Sec. 44. On and after July 1, 2003, K.S.A. 74-50,104 is hereby amended to read as follows: 74-50,104. (a) The secretary of commerce ~~and housing~~ shall administer the provisions of this act and the IMPACT program established thereunder. The secretary of commerce ~~and housing~~ shall encourage Kansas basic enterprises with similar training needs to cooperate in establishing SKILL projects. The secretary of commerce ~~and housing~~ shall coordinate the SKILL program with other job training programs administered by the department of commerce ~~and housing~~. The secretary of commerce ~~and housing~~ shall provide opportunities for coordination and cooperation of SKILL projects with other job training activities in Kansas.

(b) The secretary of commerce ~~and housing~~ 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 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 or the wages of new jobs created. No agreement shall be approved which provides for program costs of a project under the agreement of more than 90% of the amount equal to the estimated rate of withholding tax applied to the estimated amount of gross wages of all the new jobs under the project over a ten-year period.

(c) Notice of the approval of a project or program under the IMPACT act shall be provided to the chairpersons of the senate committee on commerce and the committee on economic development of the house of representatives.

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

Sec. 45. On and after July 1, 2003, K.S.A. 74-50,105 is hereby

amended to read as follows: 74-50,105. (a) Subject to the approval of the secretary of commerce ~~and housing~~, an educational institution may enter into an agreement to establish a project and provide program services to an employer. As soon as possible after initial contact between an educational institution and an employer regarding the possibility of entering into an agreement, the educational institution shall inform the secretary of commerce ~~and housing~~ about the potential project. If an agreement is entered into, the educational institution and the employer shall notify the secretary of revenue ~~with~~ *within* 15 calendar days.

(b) Among other provisions, an agreement shall include:

(1) Provisions regarding payment of program costs, including deferred costs, which may be paid from one or a combination of the following sources:

(A) The IMPACT program services fund;

(B) tuition, student fees, or special charges fixed by the educational institution to defray program costs in whole or in part; and

(C) grants or donations available from federal agencies or other public or private sources;

(2) a provision requiring each Kansas basic enterprise under the agreement to submit information to the secretary of commerce ~~and housing~~ regarding the numbers of new jobs and the wages and withholding taxes paid therefor;

(3) a provision which fixes any tuition and fee payments which shall be paid for program costs; and

(4) a provision which fixes an amount that shall be paid by an employer if an agreement is terminated or any provision of the agreement is breached by the employer prior to satisfaction of all of the employer's obligations under the agreement and which prescribes that any such payment shall be deposited in the state treasury to the credit of the IMPACT program services fund.

(c) Any payment required to be made by an employer shall be a lien upon the employer's business property until paid and has equal precedence with ordinary taxes and shall not be divested by a judicial sale. Property subject to the lien may be sold for sums due and delinquent at a tax sale, with the same forfeitures, penalties and consequences as for the nonpayment of ordinary taxes. The purchasers at tax sale obtain the property subject to the remaining payments.

(d) The payment of program costs incurred under any agreement shall not be deferred for a period longer than 10 years from the date of the commencement of the project.

Sec. 46. On and after July 1, 2003, K.S.A. 74-50,106 is hereby amended to read as follows: 74-50,106. (a) The secretary of commerce ~~and housing~~ shall review applications for proposed agreements submitted by employers in accordance with the standards and guidelines prescribed by this act and by rules and regulations adopted under K.S.A. 74-50,104, and amendments thereto. Each application for approval of a proposed agreement shall be accompanied by information about the number and wages of the new or retained jobs created by the employer, documentation of existing training activities of the employer and such other information as may be required by the secretary of commerce ~~and housing~~.

(b) The secretary of commerce ~~and housing~~ may pool the funding requirements of projects which are the subject of proposed agreements to determine the funding requirements of the SKILL projects under consideration to facilitate the issuance of bonds by the Kansas development finance authority.

(c) The secretary of commerce ~~and housing~~ is hereby authorized to expend funds raised pursuant to this act on major project investments. The secretary shall adopt guidelines consistent with this act concerning firm eligibility for major project investments and shall otherwise administer the major project investment portion of the IMPACT act.

(d) In order for an employer to be eligible for a major project investment, the employer must:

(1) Annually make an investment in training and education of the employer's employees that exceeds 2% of the employer's total annual payroll costs; or

(2) agree that a portion of any funds available under the agreement be spent directly on employee education and training.

(e) An employer not creating new jobs shall not be eligible for participation in an IMPACT program unless the employer meets the following criteria: (1) Maintains a minimum of 250 retained jobs; (2) makes a capital investment of at least \$50,000,000; and (3) the secretary of commerce ~~and housing~~ finds that the program or project will be a major factor in the Kansas basic enterprise remaining in Kansas.

(f) Prior to obtaining financing from the Kansas development finance authority for any project, group of projects or major project investment for one or more employers, the secretary of commerce ~~and housing~~ shall present each such project to the governor's council on work force training and investment for review and approval. No agreement shall be approved by the secretary of commerce ~~and housing~~ unless each project under the agreement has been reviewed and finally approved by the governor's council on work force training and investment.

Sec. 47. On and after July 1, 2003, K.S.A. 74-50,107 is hereby amended to read as follows: 74-50,107. (a) The secretary of commerce ~~and housing~~ shall determine and from time to time shall redetermine the rate at which moneys shall be credited to the IMPACT program repayment fund in order to satisfy all bond repayment obligations which have been incurred to finance program costs for IMPACT programs (which shall be referred to as the debt service rate) and the rate at which moneys shall be credited to the IMPACT program services fund in order to finance program costs that are not financed by bonds (which shall be referred to as the direct funding rate). The total of the debt service rate and the direct funding rate shall be the combined rate. Each rate so determined shall be certified to the secretary of revenue. On and after July 1, 2003, the combined rate determined under this subsection shall not exceed 1.5%. On and after July 1, 2005, the combined rate determined under this subsection shall not exceed 2%.

(b) Upon receipt of the rates determined and certified under subsection (a), the secretary of revenue shall apply daily the combined rate to that portion of the moneys withheld from the wages of individuals and collected under the Kansas withholding and declaration of estimated tax act K.S.A. 79-3294 *et seq.*, and amendments thereto. The amount so determined shall be credited as follows: (1) The portion attributable to the debt service rate shall be credited to the IMPACT program repayment fund, and (2) the remaining portion shall be credited to the IMPACT program services fund.

The aggregate of all amounts credited to the IMPACT program repayment fund under this section during any fiscal year to pay bond repayment obligations on bonds to finance major project investments shall not exceed 10% of the amount which results when the rate of 1% is applied to all money withheld from the wages of individuals and received under the Kansas withholding and declaration of estimated tax act.

On and after July 1, 2003, the aggregate of all amounts credited to the IMPACT program repayment fund under this section during any fiscal year to pay bond repayment obligations on bonds to finance major project investments shall not exceed 10% of the amount which results when the rate of 1.5% is applied to all moneys withheld from the wages of individuals and received under the Kansas withholding and declaration of estimated tax act.

On and after July 1, 2005, the aggregate of all amounts credited to the IMPACT program repayment fund under this section during any fiscal year to pay bond repayment obligations on bonds to finance major project investments shall not exceed 10% of the amount which results when the rate of 2% is applied to all money withheld from the wages of individuals and received under the Kansas withholding and declaration of estimated tax act.

Sec. 48. On and after July 1, 2003, K.S.A. 74-50,108 is hereby amended to read as follows: 74-50,108. There is hereby created in the state treasury the IMPACT program services fund. The secretary of commerce ~~and housing~~ shall administer the IMPACT program services fund. All moneys credited to the SKILL program services fund shall be for all or part of the program costs of projects or major project investments approved by the secretary of commerce ~~and housing~~ under this act, except that moneys in the IMPACT program services fund which are not required to pay program costs or major projects investments may be trans-

ferred to the state general fund in accordance with provisions of appropriation acts. All expenditures from the IMPACT program services fund shall be for the purposes of paying program costs and shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce ~~and housing~~ or the secretary's designee. The secretary of commerce ~~and housing~~ shall remit all moneys received under this act, including the proceeds of bonds issued by the Kansas development finance authority for the purposes of this act 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 IMPACT program services fund.

Sec. 49. On and after July 1, 2003, K.S.A. 74-50,109 is hereby amended to read as follows: 74-50,109. (a) There is hereby created in the state treasury the IMPACT program repayment fund. The secretary of commerce shall administer the IMPACT program repayment fund. Except as provided in subsection (c), all moneys credited to the IMPACT program repayment fund shall be to make payments to the Kansas development finance authority for payment of costs relating to the retirement of bonds issued to finance projects approved by the secretary of commerce ~~and housing~~ under this act, including but not limited to the principal of and interest on such bonds and the expenses of issuance. All expenditures from the IMPACT program repayment fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce ~~and housing~~ or the secretary's designee.

(b) Upon request of the secretary of commerce ~~and housing~~, the director of accounts and reports shall establish one or more reserve accounts in the IMPACT program repayment fund to secure one or more issues of bonds issued by the Kansas development finance authority for the purposes of this act.

(c) On June 30 of each year, any unencumbered balance in the IMPACT program repayment fund which is not required for payment of such expenses during the ensuing fiscal year, including any such expenses associated with proposed investments agreements and bond issues under consideration for such fiscal year, and which is not credited to any reserve account in the fund, as certified by the secretary of commerce ~~and housing~~ to the director of accounts and reports, shall be transferred by the director of accounts and reports from the IMPACT program repayment fund to the IMPACT program services fund.

Sec. 50. On and after July 1, 2003, K.S.A. 74-50,110 is hereby amended to read as follows: 74-50,110. The activities of the secretary of commerce ~~and housing~~ in administering and performing the powers, duties and functions prescribed by the provisions of this act and providing moneys for IMPACT programs from the proceeds of bonds issued by the Kansas development finance authority are hereby approved for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of such bonds by the Kansas development finance authority in accordance with that statute. The provisions of subsection (a) of K.S.A. 74-8905 and amendments thereto shall not prohibit the issuance of bonds for such purposes when so authorized and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905 and amendments thereto.

Sec. 51. On and after July 1, 2003, K.S.A. 74-50,111 is hereby amended to read as follows: 74-50,111. The secretary of commerce ~~and housing~~ shall annually report on activities under the IMPACT act, pursuant to K.S.A. 74-5049, and amendments thereto. Each report shall contain information regarding the number and characteristics of the new jobs created or jobs retained in Kansas for which SKILL projects or major project investments have been financed under this act, including a report on any such new or retained jobs which do not continue to exist and the circumstances and effect of any such discontinuances.

Sec. 52. On and after July 1, 2003, K.S.A. 74-50,114 is hereby amended to read as follows: 74-50,114. As used in K.S.A. 74-50,113 through 74-50,117 and amendments thereto:

(a) "Ancillary support" means a facility which is operated by a busi-

ness and whose function is to provide services in support of the business, but is not directly engaged in the business' primary function.

(b) "Business" means any manufacturing business or nonmanufacturing business.

(c) "Business headquarters" means a facility where principal officers of the business are housed and from which direction, management or administrative support for transactions is provided for a business or division of a business or regional division of a business.

(d) "Full-time employee" means a person who is required to file a Kansas income tax return and who is employed by a business or retail business to perform duties in connection with the operation of the business or retail business on:

- (1) A regular, full-time basis;
- (2) a part-time basis, provided such person is customarily performing such duties at least 20 hours per week throughout the taxable year; or
- (3) a seasonal basis, provided such person performs such duties for substantially all of the season customary for the position in which such person is employed. The number of full-time employees during any taxable year shall be determined by dividing by 12 the sum of the number of full-time employees on the last business day of each month of such taxable year. If the business or retail business is in operation for less than the entire taxable year, the number of full-time employees shall be determined by dividing the sum of the number of full-time employees on the last business day of each full calendar month during the portion of such taxable year during which the business was in operation by the number of full calendar months during such period.

(e) "Manufacturing business" means all commercial enterprises identified under the manufacturing standard industrial classification codes, major groups 20 through 39.

(f) "Metropolitan county" means the county of Douglas, Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte.

(g) "Nonmanufacturing business" means any commercial enterprise other than a manufacturing business or a retail business. Nonmanufacturing business shall also include the business headquarters of an enterprise, ancillary support of an enterprise, and an enterprise designated under standard industrial classification codes 5961, 7948-0201 or 7372 regardless of the firm's classification as a retail business if that facility for which the sales tax exemption certificate is issued facilitates the creation of at least 20 new full-time positions. In addition, with respect to enterprises in standard industrial classification code 7948-0201, such enterprises must operate an auto racetrack in the state involving capital improvements costing not less than \$100,000,000.

For taxable years commencing after December 31, 1997, any ancillary support business which would otherwise be eligible for a sales tax exemption or an income, premium or privilege tax credit pursuant to this subsection shall incorporate in its tax filing for the exemption or credit a statement from the secretary of commerce ~~and housing~~ which includes a finding by the secretary that the job expansion incident to the exemption or credit claimed would not have occurred in the absence of the credit or exemption.

(h) "Nonmetropolitan region" means a region established under K.S.A. 74-50,116 and amendments thereto and is comprised of any county or counties which are not metropolitan counties.

(i) "Retail business" means: (1) Any commercial enterprise primarily engaged in the sale at retail of goods or services taxable under the Kansas retailers' sales tax act; (2) any service provider set forth in K.S.A. 17-2707, and amendments thereto; (3) any bank, savings and loan or other lending institution; (4) any commercial enterprise whose primary business activity includes the sale of insurance; and (5) any commercial enterprise deriving its revenues directly from noncommercial customers in exchange for personal services such as, but not limited to, barber shops, beauty shops, photographic studios and funeral services.

(j) "Secretary" means the secretary of the Kansas department of commerce ~~and housing~~.

(k) "Standard industrial classification code" means a standard industrial classification code published in the Standard Industrial Classification manual, 1987, as prepared by the statistical policy division of the office

of management and budget of the office of the president of the United States of America.

Sec. 53. On and after July 1, 2003, K.S.A. 74-50,115 is hereby amended to read as follows: 74-50,115. (a) A manufacturing business may be eligible for a sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the manufacturing business complies with the following requirements:

(1) A manufacturing business shall provide documented evidence of job expansion involving the employment of at least two additional full-time employees; and

(2) a manufacturing business located within the state of Kansas that has documented evidence of job expansion as provided in paragraph (1), which relocates in another city or county within the state of Kansas must receive approval from the secretary prior to qualifying for the sales tax exemption in subsection (cc) of K.S.A. 79-3606, and amendments thereto, except that approval by the secretary shall not be required if the manufacturing business relocates within the same city.

(b) A nonmanufacturing business may be eligible for a sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the nonmanufacturing business complies with the following requirements:

(1) A nonmanufacturing business shall provide documented evidence of job expansion involving the employment of at least five additional full-time employees; and

(2) a nonmanufacturing business located within the state of Kansas that has documented evidence of job expansion as provided in paragraph (1), which relocates in another city or county within the state of Kansas must receive approval from the secretary prior to qualifying for the sales tax exemption in subsection (cc) of K.S.A. 79-3606, and amendments thereto, except that approval by the secretary shall not be required if the nonmanufacturing business relocates within the same city.

(c) A retail business may qualify for the sales tax exemption under subsection (cc) of K.S.A. 79-3606, and amendments thereto, if the retail business complies with the following requirements:

(1) A retail business shall provide documented evidence of job expansion involving the employment of at least two additional full-time employees; and

(2) (A) such retail business locates or expands to a city having a population of 2,500 or less, as determined by the latest United States federal census, or (B) such retail business locates or expands prior to July 1, 2004, to a location outside a city in a county having a population of 10,000 or less, as determined by the latest United States federal census.

(d) Any person constructing, reconstructing, remodeling or enlarging a facility which will be leased in whole or in part for a period of five years or more to a business that would be eligible for a sales tax exemption hereunder if such business had constructed, reconstructed, enlarged or remodeled such facility or portion thereof itself shall be entitled to the sales tax exemption under the provisions of subsection (cc) of K.S.A. 79-3606, and amendments thereto. When such person leases less than the total facility to an eligible business, a project exemption certificate may be granted on: (1) The total cost of constructing, reconstructing, remodeling or enlarging, the facility multiplied by a fraction given by dividing the number of leased square feet eligible for the sales tax exemption by the total square feet being constructed, reconstructed, remodeled or enlarged; or (2) the actual cost of constructing, reconstructing, remodeling or enlarging that portion of the facility to be occupied by the eligible business, as the person may elect.

(e) A business may qualify for a sales tax exemption under subsection (cc) of K.S.A. 79-3606, and amendments thereto, without regard to any of the foregoing requirements of this section if it is certified as a qualified firm by the secretary of commerce ~~and housing~~ pursuant to K.S.A. 74-50,131, and amendments thereto, and is entitled to the corporate tax credit established in K.S.A. 74-50,132, and amendments thereto, or has received written approval for participation and has participated, during the tax year in which the exemption is claimed, in training assistance by the department of commerce ~~and housing~~ under the Kansas industrial

training, Kansas industrial retraining or state of Kansas investments in lifelong learning program.

(f) The secretary may adopt rules and regulations to implement and administer the provisions of this section.

Sec. 54. On and after July 1, 2003, K.S.A. 74-50,131 is hereby amended to read as follows: 74-50,131. Commencing after December 31, 1999: (a) As used in this act: “Qualified firm” means a for-profit business establishment, subject to state income, sales or property taxes, identified under the standard industrial classification (SIC) codes as in effect July 1, 1993, major groups 20 through 39, major groups 40 through 51, and major groups 60 through 89; identified under the North American industry classification system (NAICS) as in effect on October 1, 2000, or is identified as a corporate or regional headquarters or back-office operation of a national or multi-national corporation regardless of SIC code or NAICS designation. The secretary of commerce ~~and housing~~ shall determine eligibility when a difference exists between a firm’s SIC code and NAICS designation. A business establishment may be assigned a standard industrial classification code or NAICS designation according to the primary business activity at a single physical location in the state.

(b) In the case of firms in major groups 40 through 51, and major groups 60 through 89 or the appropriate NAICS designation the business establishment must also demonstrate the following:

- (1) More than $\frac{1}{2}$ of its gross revenues are a result of sales to commercial or governmental customers outside the state of Kansas; or
- (2) more than $\frac{1}{2}$ of its gross revenues are a result of sales to Kansas manufacturing firms within major groups 20 through 39 or the appropriate NAICS designation; or
- (3) more than $\frac{1}{2}$ of its gross revenues are a result of a combination of sales described in (1) and (2).

(c) For purposes of determining whether one of the average wage options described in subsection (d) below is satisfied, business establishments located within a metropolitan county, as defined in K.S.A. 74-50,114, and amendments thereto, will be compared only to other businesses within that metropolitan county, and business establishments located outside of a metropolitan county will be compared to businesses within an aggregation of counties representing the business establishment’s region of the state, which regional aggregation will exclude metropolitan counties. Such aggregation shall be determined by the department of commerce ~~and housing~~.

(d) Additionally, a business establishment having met the criteria as established in subsection (a) or (b), and using the comparison method described in subsection (c), must meet one of the following criteria:

- (1) The establishment with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.
- (2) The establishment with 500 or fewer full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which has 500 or fewer full-time equivalent employees.
- (3) The establishment with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by firms with more than 500 full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation.
- (4) The establishment with more than 500 full-time equivalent employees is the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation which has 500 or more full-time equivalent employees, in which event it shall either provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the same two-digit standard industrial classification code or appropriate NAICS designation, or be the sole firm within its two-digit standard industrial classification code or appropriate NAICS designation.

(e) As an alternative to the requirements of subsections (c) and (d), a firm having met the requirements of subsections (a) or (b), may qualify,

if excluding taxable disbursements to company owners, the business establishment's annual average wage must be greater than or equal to 1.5 times the aggregate average wage paid by industries covered by the employment security law based on data maintained by the secretary of human resources.

(f) For the purposes of this section, the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the number of full-time employees.

(g) The secretary of commerce ~~and housing~~ shall certify annually to the secretary of revenue that a firm meets the criteria for a qualified firm and that the firm is eligible for the benefits and assistance provided under this act. The secretary of commerce ~~and housing~~ is hereby authorized to obtain any and all information necessary to determine such eligibility. Information obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 *et seq.*, and amendments thereto, but shall upon request be made available to the legislative post audit division. The secretary of commerce ~~and housing~~ shall publish rules and regulations for the implementation of this act. Such rules and regulations shall include, but not be limited to:

(1) A definition of "training and education" for purposes of K.S.A. 74-50,132, and amendments thereto.

(2) Establishment of eligibility requirements and application procedures for expenditures from the high performance incentive fund created in K.S.A. 74-50,133, and amendments thereto.

(3) Establishment of approval guidelines for private consultants authorized pursuant to K.S.A. 74-50,133, and amendments thereto.

(4) Establishment of guidelines for prioritizing business assistance programs pursuant to K.S.A. 74-50,133, and amendments thereto.

(5) A definition of "commercial customer" for the purpose of K.S.A. 74-50,133, and amendments thereto.

(6) A definition of "headquarters" for the purpose of K.S.A. 74-50,133, and amendments thereto.

(7) Establishment of guidelines concerning the use and disclosure of any information obtained to determine the eligibility of a firm for the assistance and benefits provided for by this act.

Sec. 55. On and after July 1, 2003, K.S.A. 74-50,133 is hereby amended to read as follows: 74-50,133. There is hereby created within the department of commerce ~~and housing~~ the "high performance incentive fund" to provide matching funds for business assistance and consulting services to qualified firms under the provisions of K.S.A. 74-50,131 that are entitled to a workforce training tax credit under the provisions of K.S.A. 74-50,132 or have received written approval for and are participating, at the time the funds are sought, in the Kansas industrial training, Kansas industrial retraining or state of Kansas investments in lifelong learning program, subject to appropriation of funds and program criteria, as hereinafter provided. The department of commerce ~~and housing~~ may provide funds to qualified firms, on a matching basis, to pay up to 50% of such firm's costs of acquiring consulting services provided by the mid-America manufacturing technology center, or approved private consultants to assist in improving the firm's management, production processes or product or service quality. Qualified firms also shall receive priority consideration for any other business assistance programs administered by the department of commerce ~~and housing~~, the Kansas technology enterprise corporation and the mid-America manufacturing technology center.

Sec. 56. On and after July 1, 2003, K.S.A. 74-50,134 is hereby amended to read as follows: 74-50,134. During fiscal year 1998, Kansas, Inc. shall commission an analysis of this program. Within Kansas, Inc.'s discretion, the analysis shall evaluate all aspects of the program, and particularly the impact of program incentives on:

- (a) Job training and retraining;
- (b) capital investment and related job creation;
- (c) usage of consulting services to improve overall business operations;
- (d) export of goods and services outside the state; and
- (e) usage of other business assistance programs administered by the

department of commerce ~~and housing~~, the Kansas technology enterprise corporation and the mid-America manufacturing technology center. The analysis shall include a recommendation for continuation, discontinuation or alteration of the program. The analysis shall be reported to the joint committee on economic development.

Sec. 57. On and after July 1, 2003, K.S.A. 74-50,151 is hereby amended to read as follows: 74-50,151. (a) There is hereby created in the state treasury the Kansas economic opportunity initiatives fund. Subject to acts of the legislature applicable thereto, the moneys in the Kansas economic opportunity initiatives fund shall be used only for the purposes prescribed by this section.

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

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

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

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

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

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

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

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

(g) A five member panel consisting of the secretary of commerce ~~and housing~~, the president of Kansas, Inc., the president of the Kansas technology enterprise corporation, the private sector chairperson of the board of Kansas, Inc., and the private sector chairperson of the Kansas technology enterprise corporation shall review annually the propriety of projects funded under this section. The panel shall report its findings in writing to the governor, the new economy committee of the house of representatives, the senate commerce committee and the joint committee on economic development. The report to the new economy committee of the house of representatives, the commerce committee of the senate and the joint committee on economic development under this subsection shall be made either (1) by the panel 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. 58. On and after July 1, 2003, K.S.A. 74-50,152 is hereby amended to read as follows: 74-50,152. As a part of the annual report required pursuant to K.S.A. 74-5049, and amendments thereto, the secretary of commerce ~~and housing~~ shall issue a report concerning the use of the fund to the joint committee on economic development. The secretary's report shall include a detailed description of how funds were spent, what, if any, economic benefits were realized from the expenditures and whether the intended outcomes identified pursuant to subsection (c) of K.S.A. 74-50,151 and amendments thereto have been realized. The report to the joint committee on economic development under this section shall be made by the secretary either (a) by publishing such report on the internet and by notifying each member of the joint committee 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 the joint committee.

Sec. 59. On and after July 1, 2003, K.S.A. 74-50,153 is hereby amended to read as follows: 74-50,153. (a) "Institution" has the meaning ascribed thereto by K.S.A. 76-12a01, and amendments thereto.

(b) Any entity which provides services which were previously provided by an institution, but which the institution no longer provides due to the institution's closure, scheduled closure or cessation or reduction of operation due to budget reductions, shall receive top priority consideration for any business assistance program administered by the department of commerce ~~and housing~~ for which the entity is eligible. Such priority shall be greater than the priority established in K.S.A. 74-50,133, and amendments thereto.

(c) The provisions of this act shall expire 12 months after closure of both Winfield state hospital and Topeka state hospital.

Sec. 60. On and after July 1, 2003, K.S.A. 74-50,156 is hereby amended to read as follows: 74-50,156. (a) There is hereby established within and as a part of the department of commerce ~~and housing~~ the agriculture products development division. The secretary of commerce ~~and housing~~ shall appoint a director of such division and such director shall be in the unclassified service of the Kansas civil service act. Subject to and in accordance with appropriations acts, the agriculture products development division shall include: (1) All powers, duties and functions related to the agricultural value added center pursuant to subsections (b) and (c); (2) all powers and duties created regarding the division of markets pursuant to K.S.A. 74-530, and amendments thereto, which are hereby transferred; (3) all powers and duties created regarding registered trademarks pursuant to K.S.A. 74-540a, and amendments thereto, which are hereby transferred; (4) all powers and duties regarding the trademark fund pursuant to K.S.A. 74-540b, and amendments thereto, which are hereby transferred; and (5) all powers and duties created regarding expenditures and moneys credited to the market development fund pur-

suant to K.S.A. 74-540c, and amendments thereto, which are hereby transferred.

(b) The objectives of the agricultural value added center within the agriculture products development division shall include, but not be limited to, providing technical assistance to existing and potential value added facilities, including incubator facilities; developing a network for collecting and distributing information to individuals involved in value added processing in Kansas; initiating pilot plant facilities to act as research and development laboratories for existing and potential small scale value added processing endeavors in Kansas; providing technical assistance to new agricultural value added businesses; developing and promoting communication and cooperation among private businesses; state government agencies and public and private colleges and universities in Kansas; establishing research and development programs in technologies that have value added commercial potential for food and nonfood agricultural products achieving substantial and sustainable continuing growth for the Kansas economy through value added products from agriculture; serving as a catalyst for industrial agriculture through technological innovation in order to expand economic opportunity for all Kansas communities; establishing an industrial agriculture industry for the state of Kansas; commercializing the developed industrial agriculture technology in smaller communities and the rural areas of Kansas; and developing investment grade agriculture value added technologies and products.

(c) Subject to the provisions of appropriations acts, the functions of the agricultural value added center within the agriculture products development division shall include, but not be limited to, developing a market referral program, matching distribution to buyers in coordination with other state agencies concerned with marketing Kansas products; assisting private entrepreneurs in the establishment of facilities and markets for new agricultural value added endeavors; and introducing coordinated programs to develop marketing skills of existing agricultural value adding processors in Kansas.

(d) (1) It shall be the duty of the agriculture products development division to perform acts and to do, or cause to be done, those things which are designed to lead to the more advantageous marketing of agricultural products of Kansas. For these purposes the division may:

- (A) Investigate the subject of marketing farm products;
- (B) promote their sales distribution and merchandising;
- (C) furnish information and assistance to the public;
- (D) study and recommend efficient and economical methods of marketing;
- (E) provide for such studies and research as may be deemed necessary and proper;
- (F) gather and diffuse timely and useful information concerning the supply, demand, prevailing prices and commercial movement of farm products including quantity in common storage and cold storage, in cooperation with other public or private agencies;
- (G) conduct market development activities and assist and coordinate participation by companies, commodity organizations, trade organizations, producer organizations and other interested organizations to develop new markets and sales for Kansas agricultural commodities and food products;
- (H) render assistance to any of the entities listed in subsection (G) and development activities and make a reasonable service charge for such services rendered by the division; and
- (I) make agreements with other states and with the United States government, or its agencies, and accept funds from the federal government, or its agencies, or any other source for research studies, investigation, market development and other purposes related to the duties of the division.

(2) The department of commerce ~~and housing~~ shall remit all moneys received 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 market development fund. All expenditures from such fund shall be made for any purpose consistent with this subsection and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports

issued pursuant to vouchers approved by the secretary of commerce ~~and housing~~ or a person designated by the secretary.

(e) (1) In conjunction with any trademark registered by the department of commerce ~~and housing~~, the agriculture products development division is hereby authorized to:

- (A) Promulgate policy regarding the use of any such trademark;
- (B) print, reproduce or use the trademark in or on educational, promotional or other material;
- (C) fix, charge and collect fees for the use of the trademark provided that the fees shall be fixed in an amount necessary to recover all direct costs associated with the production of educational, promotional and other materials associated with a trademark program; and
- (D) enter into any contracts necessary to carry out the purposes of this subsection, which contracts shall not be subject to the bidding requirements of K.S.A. 75-3739, and amendments thereto.

(2) The secretary of commerce ~~and housing~~ shall remit all moneys received 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 trademark fund. All expenditures from such fund shall be made for any purpose consistent with this subsection and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce ~~and housing~~ or a person designated by the secretary.

(f) On or before February 1 of each year, the agriculture products development division shall present an oral and written report to the house and senate agriculture committees concerning the performance indicators, performance outcomes, activities and functions of the division for the previous year. Such report shall include a budget of how moneys appropriated or otherwise authorized to be expended from the state general fund or any special revenue fund for the agriculture products development division of the department of commerce ~~and housing~~ for the previous fiscal year were spent and a projected budget of moneys appropriated or otherwise authorized to be expended from the state general fund or any special revenue fund for the agriculture products development division of the department of commerce ~~and housing~~ for the current fiscal year. Such report shall further include the full-time equivalent number of positions financed from appropriations and allocated for the agriculture products development division of the department of commerce ~~and housing~~ for each fiscal year. In the report to the 1997 legislature, the division's report shall include a mission statement for the reorganized division.

(g) Subject to appropriation acts, the secretary of commerce ~~and housing~~ shall fulfill all contracts in existence on the effective date of this act between the Kansas technology enterprise corporation and the alternative agriculture research and development center.

Sec. 61. On and after July 1, 2003, K.S.A. 74-50,157 is hereby amended to read as follows: 74-50,157. (a) The powers, duties and functions of the existing agricultural value added center are hereby transferred to and conferred and imposed upon the agricultural value added center created by this act subject to the limitations established in K.S.A. 74-50,156 *and amendments thereto*.

(b) The agricultural value added center created by this act shall be the successor in every way to the powers, duties and functions of the agricultural value added center, subject to the limitations established in K.S.A. 74-50,156, *and amendments thereto*, in which the same were vested prior to the effective date of this act. Every act performed under the authority of the agricultural value added center created by this act shall be deemed to have the same force and effect as if performed by the agricultural value added center in which such functions were vested prior to the effective date of this act.

(c) Whenever the "agricultural value added center," or words of like effect, is referred to or designated by a statute, contract or other document, such reference or designation shall be deemed to apply to the agricultural value added center created by this act.

(d) All orders or directives of the agricultural value added center in

existence on the effective date of this act shall continue to be effective and shall be deemed to be the orders or directives of the agricultural value added center created by this act until revised, amended, repealed or nullified pursuant to law.

(e) The agricultural value added center, within the department of commerce ~~and housing~~, created by this act shall be a continuation of the agricultural value added center being abolished pursuant to K.S.A. 74-8122 *and amendments thereto*.

Sec. 62. On and after July 1, 2003, K.S.A. 74-50,158 is hereby amended to read as follows: 74-50,158. (a) The secretary of commerce ~~and housing~~ shall be the successor in every way to the powers, duties and functions of the division of marketing and the director of marketing in which the same were vested prior to the effective date of this act and which are transferred pursuant to K.S.A. 74-50,156 *and amendments thereto*. Every act performed in the exercise of such powers, duties and functions by or under the authority of the secretary of commerce ~~and housing~~ shall be deemed to have the same force and effect as if performed by the division of marketing and the director of marketing in which such powers, duties and functions were vested prior to the effective date of this act.

(b) Whenever the “department of agriculture,” “division of markets,” or words of like effect, are referred to or designated by a statute, contract or other document, and such reference or designation is in regard to one of the powers and duties transferred to the agriculture products development division within the department of commerce ~~and housing~~ pursuant to K.S.A. 74-50,156, *and amendments thereto*, such reference or designation shall be deemed to apply to the agriculture products development division within the department of commerce ~~and housing~~. Whenever “director of marketing,” “secretary of agriculture” or words of like effect, are referred to or designated by a statute, contract or other document, and such reference is in regard to one of the powers and duties transferred to the agriculture products development division within the department of commerce ~~and housing~~ pursuant to K.S.A. 74-50,156, *and amendments thereto*, such reference shall be deemed to apply to the secretary of commerce ~~and housing~~.

(c) All rules and regulations, orders and directives of the division of marketing, director of marketing or department of agriculture pertaining to powers and duties transferred pursuant to K.S.A. 74-50,156 shall continue to be effective and shall be deemed to be the rules and regulations, orders and directives of the department of commerce ~~and housing~~ until revised, amended, repealed or nullified pursuant to law.

Sec. 63. On and after July 1, 2003, K.S.A. 74-50,159 is hereby amended to read as follows: 74-50,159. (a) On the effective date of this act, officers and employees who, immediately prior to such date, were engaged in the performance of any powers and duties of the department of agriculture listed in K.S.A. 74-50,156, *and amendments thereto*, which are transferred to the department of commerce ~~and housing~~, and who, in the opinion of the secretary of commerce ~~and housing~~, are necessary to perform the powers and duties of the department of commerce ~~and housing~~, shall be transferred to, and shall become officers and employees of such department.

(b) On the effective date of this act, officers and employees who, immediately prior to such date, were engaged in the performance of any powers and duties of the agricultural value added center which is abolished by this act and who, in the opinion of the secretary of commerce ~~and housing~~, are necessary to perform the powers and duties of the department of commerce ~~and housing~~, agriculture products development division, shall be transferred to and become officers and employees of such department.

Sec. 64. On and after July 1, 2003, K.S.A. 74-50,160 is hereby amended to read as follows: 74-50,160. (a) The secretary of agriculture and the secretary of commerce ~~and housing~~ shall engage in consultations with the purpose of reaching agreement regarding the disposition of all property, property rights, and records which were used for or pertain to the performance of the powers and duties transferred to the department of commerce ~~and housing~~ pursuant to this act.

(b) Any conflict as to the proper disposition of property, personnel,

records, or the unexpended balance of any appropriation arising as a result of any abolition, transfer, attachment or change made by or under this order shall be determined by the governor, whose decision shall be final.

Sec. 65. On and after July 1, 2003, K.S.A. 74-50,162 is hereby amended to read as follows: 74-50,162. (a) On the effective date of this act, the balances of all funds appropriated or reappropriated to the department of agriculture, the agricultural value added center at the Kansas technology enterprise corporation for any of the powers and duties transferred to the department of commerce ~~and housing~~ pursuant to K.S.A. 74-50,156, *and amendments thereto*, are hereby transferred to the department of commerce ~~and housing~~ and shall be used only for the purpose for which the appropriation was originally made.

(b) On the effective date of this act, the liability for all accrued compensation, wages or salaries of officers and employees who, immediately prior to such date, were engaged in the performance of powers, duties or functions of the department of agriculture, the agricultural value added center at the Kansas technology enterprise corporation which are transferred to the department of commerce ~~and housing~~ pursuant to K.S.A. 74-50,156, *and amendments thereto*, shall be assumed and paid by the department of commerce ~~and housing~~.

Sec. 66. On and after July 1, 2003, K.S.A. 74-50,163 is hereby amended to read as follows: 74-50,163. (a) There is hereby created an agriculture products development advisory board. Members shall be appointed by the governor as follows, one member shall be a representative of the livestock industry, one member shall be a representative of a farmer's cooperative active in community economic development, one member shall be a representative of a commodity group, two members shall be representatives of entrepreneurs in a value added business, one member shall be a financial or investment banker or a seed capital fund manager and one member shall be from the marketing section of the agriculture products development division of the department of commerce ~~and housing~~.

(b) Of the members first appointed to the board, the governor shall designate four whose terms shall expire June 30, 1998, and three whose terms shall expire on June 30, 2000. After the expiration of such terms, each member shall be appointed for a term of four years until a successor is appointed and qualified.

(c) A vacancy on the board of a member shall be filled for the unexpired term by appointment by the governor.

(d) The governor shall appoint a chairperson.

(e) The board shall meet as the chairperson or a majority of the board members determine.

(f) The board shall advise the secretary of commerce ~~and housing~~ and the agriculture products development division on issues and concerns of agriculture product development and technical assistance for such development.

Sec. 67. On and after July 1, 2003, K.S.A. 74-7295 is hereby amended to read as follows: 74-7295. The department of commerce ~~and housing~~, created by K.S.A. 74-5002f, and amendments thereto, shall be audited under the Kansas governmental operations accountability law, and shall be reviewed and evaluated during the 2001 regular session of the legislature, or such other regular session of the legislature designated by the legislative post audit committee in accordance with the provisions of subsection (c) of K.S.A. 74-7285, and amendments thereto.

Sec. 68. On and after July 1, 2003, K.S.A. 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 ~~and housing~~;
- (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 of the senate, the standing committee on 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. 69. On and after July 1, 2003, K.S.A. 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 ~~and housing~~;

(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 of the senate, the standing committee on economic development of the house of representatives and the joint committee on economic development, the governor and the secretary of commerce ~~and housing~~, 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 the 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 ~~and housing~~, the statewide risk capital system, the venture capital tax credit, and the investments in research and development activities tax credit.

Sec. 70. On and after July 1, 2003, K.S.A. 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 housing~~ and 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.

(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 housing~~, and 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 with respect to the state's economy. The report to the committee on commerce of the senate, the committee on new economy 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 ~~and housing~~, 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.

(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 housing~~ 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. 71. On and after July 1, 2003, K.S.A. 74-8005 is hereby amended to read as follows: 74-8005. (a) Kansas, Inc., subject to the approval of the governor, shall hire a person to serve as chief executive officer and president of Kansas, Inc. Kansas, Inc. shall conduct a national search and select a corporation president who meets a national standard of experience, ability and initiative for similar positions. The president shall be in the unclassified service under the Kansas civil service act and shall serve at the pleasure of Kansas, Inc. Kansas, Inc. may negotiate and enter into an employment agreement with the individual selected as corporation president which may provide for such compensation and such provisions for allowances, benefits and expenses as may be included in such agreement. Kansas, Inc. is authorized to make all payments and payroll deductions as may be required under such agreement.

(b) The president shall direct and supervise the general management of the corporation and a small core staff of analysts. The president:

(1) May employ and terminate such other employees as designated by the members of Kansas, Inc. Such employees shall be in the unclassified service under the Kansas civil service act;

(2) shall attend board meetings; and

(3) shall keep a record of all proceedings and maintain and be custodian of all financial and operational records, documents and papers filed with Kansas, Inc.

(c) Kansas, Inc. is hereby authorized to negotiate and enter into contracts for professional consulting and research services, and may enter into such contracts jointly with the department of commerce ~~and housing~~.

(d) Kansas, Inc. is authorized to accept gifts, donations and grants.

(e) Kansas, Inc. is not subject to state purchasing laws.

Sec. 72. On and after July 1, 2003, K.S.A. 74-8006 is hereby amended to read as follows: 74-8006. Kansas, Inc. shall publish an annual report for the governor, legislature, citizens and media of Kansas. The report shall include:

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

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

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

(d) A synopsis of the activities of Kansas, Inc. during the previous fiscal year.

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

Sec. 73. On and after July 1, 2003, K.S.A. 74-8007 is hereby amended to read as follows: 74-8007. The secretary of commerce ~~and~~

~~housing~~ shall provide to Kansas, Inc. such staff and other assistance as may be requested thereby.

Sec. 74. On and after July 1, 2003, K.S.A. 74-8010 is hereby amended to read as follows: 74-8010. (a) Kansas, Inc. shall review and evaluate the effectiveness of economic development programs and activities within the state, including, but not by way of limitation, the Kansas technology enterprise corporation programs and activities, the major programs and activities of the department of commerce ~~and housing~~, the statewide risk capital system, the venture capital tax credit, and the research and development activities tax credit. The effectiveness of the research and development activities tax credit shall be measured by the extent to which the tax credit encourages innovation and development of new value-added products and processes which will lead to the commercialization of new products and processes by primary job creating Kansas businesses.

(b) Kansas, Inc. shall periodically conduct a review and evaluation of economic development programs and activities. The review and evaluation should include:

- (1) A performance analysis of the extent to which the purposes of the acts providing for the programs and activities have been achieved; and
- (2) the economic and fiscal impact of the programs and activities on the state's economy and jobs created.

(c) Based on the findings of its review and evaluation, Kansas, Inc. will recommend to the legislature the continuation in effect, modification, or repeal of the acts providing for the programs and activities.

Sec. 75. On and after July 1, 2003, K.S.A. 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 ~~and housing~~, (2) the secretary of the state board 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. 2002 Supp. 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 commis-

sioners 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 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. 76. On and after July 1, 2003, K.S.A. 74-8221 is hereby amended to read as follows: 74-8221. This act shall be known and may be cited as the Kansas certified capital formation company act. The purpose of this act is to enhance the development of seed and venture capital in Kansas and to support the modernization and expansion of the state's economy. As used in this act, unless the context clearly requires otherwise, the following terms mean:

(a) "Affiliate of a certified capital formation company" means:

(1) Any person that directly or indirectly, owns, controls or possesses the power or ability to vote ten percent or more of the outstanding voting securities or other beneficial ownership interests of the Kansas certified capital formation company;

(2) any person ten percent or more of whose outstanding voting securities or other beneficial ownership interests are directly or indirectly owned, controlled or possessed with the power to be voted by the Kansas certified capital formation company;

(3) any person directly or indirectly controlling, controlled by, or under common control with the Kansas certified capital formation company;

(4) any partnership in which the Kansas certified capital formation company is a general partner;

(5) any person who is an officer, director, general partner, managing member, managing director or agent of the Kansas certified capital formation company or an immediate family member of such person.

(b) "Affiliate of an investor" means:

(1) Any person that directly or indirectly, owns, controls or possesses the power or ability to vote ten percent or more of the outstanding voting securities or other beneficial ownership interests of the investor;

(2) any person ten percent or more of whose outstanding voting securities or other beneficial ownership interests are directly or indirectly owned, controlled or possessed with the power to be voted by the investor;

(3) any person directly or indirectly controlling, controlled by or under common control with the investor;

(4) a partnership in which the investor is a general partner;

(5) any person who is an officer, director or agent of the investor or an immediate family member of such officer, director or agent.

(c) "Applicable percentage" means 50%.

(d) "Authorized capital formation company and authorized CFC" means a capital formation company that has been designated by the secretary as having met the requirements of this act necessary to raise capital investments but that has not yet received the designation as a certified capital formation company.

(e) "CFC" means any capital formation company.

(f) "Capital in a qualified Kansas business" means any at risk investment in any note, stock, partnership or membership interest or other form of equity investment or hybrid security, of any nature and description whatsoever, including a debt instrument or security which has the char-

acteristics of indebtedness but which provides for conversion into equity or equity participation instruments such as options or warrants which are acquired by a CFC as a result of a transfer of cash to a business, except for debt instruments, the proceeds of which were used to acquire or which will be used to develop intellectual property, in which case such debt instrument may be secured by a lien on the intellectual property. Capital in a qualified Kansas business shall not include secured debt instruments.

(g) “Certified capital” means cash, marketable securities, legally enforceable commitments of capital subject to call by a capital formation company and other assets held by a certified capital formation company equal to the amount of certified capital investment made by investors in the certified capital formation company.

(h) “Certified capital formation company” means any partnership, corporation, trust or limited liability company, whether organized on a profit or not for profit basis, that is domiciled in and qualified to conduct business in Kansas and that has as its primary business activity, the investment of cash in qualified Kansas businesses, and which is certified by the secretary as satisfying the criteria of this act.

(i) “Certified capital investment” means an investment of cash by an investor which is certified by the secretary made in such manner as to acquire a beneficial ownership interest in a Kansas certified capital formation company.

(j) “Commissioner” means the securities commissioner of Kansas or persons acting under the supervision of the commissioner.

(k) “In existence” means the date of the first sale of goods or services by a qualified Kansas business or a business seeking to be so qualified.

(l) “Investor” means any person that invests cash. If the investor is a natural person, the investor shall have a net worth of at least \$1,000,000 and such net worth shall be not less than 10 times the amount of the investor’s certified investment in a CFC. The investor’s net worth shall not include the value of any equity in the investor’s primary residence.

(m) “Liquidating distribution” means any distribution other than a qualified distribution.

(n) “Maximum cumulative investment” means certified capital investment of \$10,000,000 or such lesser amount as the secretary of commerce ~~and housing~~ may prescribe in accordance with subsection (d) of K.S.A. 74-8224, and amendments thereto.

(o) “Person” means any natural person or any business association, including but not limited to, a corporation, limited liability company, general or limited partnership or trust.

(p) “Qualified distribution” means any distribution or payment made by a certified capital formation company for costs and expenses of forming, syndicating, managing or operating the certified capital formation company, including an annual management fee and reasonable and necessary fees in accordance with industry custom for professional fees including, but not limited to, legal and accounting fees, relating to operating the certified capital formation company.

(q) “Qualified Kansas business” means:

(I) A business that satisfies the requirements of subparagraphs (A) through (F) of this subsection.

(A) Such business is independently owned and operated and has its principal business office located in Kansas or, in the case of a company domiciled outside the state of Kansas, which certifies that the company’s principal business office will be located in Kansas within six months following the date of the initial investment.

(B) At least fifty percent of the employees of the business shall be resident in Kansas or, in the case of a company domiciled outside the state of Kansas, certifies that at least fifty percent of its employees will be resident in Kansas within six months following the date of the initial qualified venture capital investment.

(C) Such business is in need of venture capital and cannot obtain conventional financing to fund its further development and future operations.

(D) Such business shall be engaged in commerce for the purpose of manufacturing, processing or assembling or distributing products, conducting research and development or providing services in interstate commerce.

(E) For businesses involved in commerce for the purpose of providing services in interstate commerce, that business must demonstrate that more than fifty percent of its gross revenues are derived from sales outside the state of Kansas or provide reasonable documentation that the company will derive at least fifty percent of its gross sales outside the state within a three-year period.

(F) Such business, at the time of the initial qualified venture capital investment, shall have been in existence less than five years and shall not have had gross sales in excess of \$1,000,000 in any single fiscal year.

(2) Any business which, subject to paragraph (a)(5) of K.S.A. 74-8225, and amendments thereto, is approved as a qualified Kansas business at the time of the first qualified venture capital investment in such business by a Kansas certified capital formation company, for a period of five years following the date of such first investment, shall continue to be classified as a qualified Kansas business and may receive follow-on investments from any Kansas certified capital formation company, and such follow-on investments shall constitute qualified venture capital investments even though such business may not meet other qualifications set forth in paragraph (p)(1)(F) at the time of such follow-on investments.

(3) A qualified Kansas business shall not include:

(A) Any commercial enterprise primarily engaged in the sale at retail of goods or services taxable under the Kansas retailer's sales tax act; any service provider set forth in K.S.A. 17-2707, and amendments thereto; any bank, savings and loan or lending institution; any real estate, real estate development or insurance company; or any commercial enterprise deriving its revenues directly from noncommercial customers in exchange for personal services;

(B) an entity engaged primarily as a passive business, in irregular or noncontinuous operations, any financial instrument that derives substantially all of its income from passive investments that generate interest, dividends, royalties or capital gains or any business arrangement the effect of which is to immunize an investor from risk of loss;

(C) a business engaged in oil and gas exploration and development;

(D) a subsidiary of a certified capital formation company;

(E) another certified capital formation company;

(F) an affiliate of the certified capital formation company;

(G) an investor of the certified capital formation company or an affiliate or subsidiary of an investor of the certified capital formation company unless approved in writing by the secretary.

(r) "Qualified venture capital investment" means the investment of cash by a Kansas certified capital formation company in such a manner as to acquire capital in a qualified Kansas business.

(s) "Secretary" means the secretary of commerce and housing or persons under the secretary's direction.

(t) "Tax credit" means a credit against the tax imposed by the Kansas income tax act, the premium tax or privilege fee imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated.

Sec. 77. On and after July 1, 2003, K.S.A. 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 and housing 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 economic development of the house of representatives and the joint committee on economic development, and may include specific recommendations for legislation.

Sec. 78. On and after July 1, 2003, K.S.A. 74-8831 is hereby amended to read as follows: 74-8831. (a) There is hereby created in the state treasury the Kansas greyhound breeding development fund to which moneys shall be credited as provided by this act. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(b) Moneys credited to the fund shall be expended as follows:

(1) An amount equal to 15% of all moneys credited to the fund during a fiscal year shall be transferred by the director of accounts and reports on June 30 of each year to the greyhound tourism fund created by subsection (c);

(2) an amount equal to 35% of all moneys credited to the fund during a fiscal year shall be used for research conducted within the state of Kansas relating to the prevention of injury to and disease of greyhounds;

(3) subject to the provisions of subsection (e), an amount equal to 50% of all moneys credited to the fund during a fiscal year, less the amount determined by the commission pursuant to subsection (b)(4), shall be used by the racetrack facilities where derived to supplement stake races for Kansas-whelped greyhounds as approved by the commission;

(4) an amount determined by the commission, but not to exceed \$30,000 of the moneys credited to the fund during a fiscal year, shall be used to pay a portion of the administrative costs of the official registering agency designated by the commission pursuant to K.S.A. 74-8832 and amendments thereto; and

(5) as provided by subsection (e).

(c) Moneys credited to the Kansas greyhound breeding development fund shall be used only for the benefit of greyhounds.

(d) There is hereby created in the state treasury the greyhound tourism fund. Moneys in such fund shall be used only for the promotion of greyhound-related tourism. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce and housing or a person designated by the secretary.

(e) If live greyhound racing ceases at a racetrack facility for a period of 60 continuous days or the commission finds that live greyhound racing is likely to cease at a racetrack facility for a period of 60 continuous days, any undisbursed moneys that would otherwise be expended pursuant to subsection (b)(3) shall be expended in accordance with the following:

(1) The commission shall compile a roster of Kansas-whelped greyhounds in each licensed kennel on the day of racing at the racetrack facility prior to the day of cessation of racing (the "census date"), except that any Kansas-whelped greyhound that has not been in residence in the kennel and on the kennel's active list for five of the 14 days immediately preceding the census date shall not be included in the roster.

(2) The undisbursed moneys shall be divided equally among the qualified Kansas-whelped greyhounds identified pursuant to the census described in subsection (e)(1).

(3) The funds awarded to each qualified Kansas-whelped greyhound shall be divided equally between the licensed owner of the Kansas-whelped greyhound and the licensed kennel owner in whose kennel the Kansas-whelped greyhound was resident. If such a greyhound or kennel has multiple owners, the owner's share and kennel owner's share shall be prorated in accordance with the ownership percentages of each part owner of such greyhound or kennel, as appears in the commission's multiple ownership or kennel registration records.

(4) Payments to Kansas-whelped greyhound owners and kennel owners pursuant to this subsection shall be made directly from the Kansas greyhound breeding development fund to such greyhound owners and kennel owners.

Sec. 79. On and after July 1, 2003, K.S.A. 74-8904 is hereby amended to read as follows: 74-8904. Except as otherwise limited by this act, the authority shall have the following powers to:

(a) Sue and be sued;

(b) have a seal and alter such seal;

- (c) make and alter bylaws for its organization and internal management;
- (d) adopt such rules and regulations as may be necessary to carry out the purposes of this act;
- (e) acquire, hold and dispose of real and personal property for its corporate purposes;
- (f) appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensation;
- (g) borrow money and to issue notes, bonds and other obligations pursuant to K.S.A. 74-8905, and amendments thereto, whether or not the interest on which is subject to federal income taxation, and to provide for the rights of the lenders or holders thereof;
- (h) purchase notes or participations in notes evidencing loans which are secured by mortgages or security interests and to enter into contracts in that regard;
- (i) make secured or unsecured loans for any of the purposes for which bonds of the authority may be issued under this act or to low and moderate income multifamily rental housing projects participating in programs established in section 42 of the federal internal revenue code, and provide financing for housing projects and programs in participation with programs established by the United States department of housing and urban development or the ~~Kansas department of commerce and housing~~ *division of housing in the Kansas development finance authority*; except as otherwise provided in this subsection, nothing in this act shall be construed to authorize the authority to make loans directly to individuals to finance housing developments;
- (j) sell mortgages and security interests at public or private sale, to negotiate modifications or alterations in mortgage and security interests, to foreclose on any mortgage or security interest in default or commence any action to protect or enforce any right conferred upon it by any law, mortgage, security agreement, contract or other agreement, and to bid for and purchase property which was the subject of such mortgage or security interest at any foreclosure or at any other sale, to acquire or take possession of any such property, and to exercise any and all rights as provided by law for the benefit or protection of the authority or mortgage holders;
- (k) collect fees and charges in connection with its loans, bond guarantees, commitments and servicing, including, but not limited to, reimbursement of costs of financing as the authority shall determine to be reasonable and as shall be approved by the authority;
- (l) make and execute contracts for the servicing of mortgages acquired by the authority pursuant to this act, and to pay the reasonable value of services rendered to the authority pursuant to those contracts;
- (m) enter into agreements with and accept gifts, grants, loans and other aid from the federal government, the state, any state agency, any political subdivision of the state, or any person or corporation, foundation or legal entity, and to agree to and comply with any conditions attached to federal and state financial assistance not inconsistent with the provisions of this act;
- (n) invest moneys of the authority not required for immediate use, including proceeds from the sale of any bonds, in such manner as the board shall determine, subject to any agreement with bondholders stated in the authorizing resolution providing for the issuance of bonds;
- (o) procure insurance against any loss in connection with its programs, property and other assets;
- (p) provide technical assistance and advice to the state or political subdivisions of the state and to enter into contracts with the state or political subdivisions of the state to provide such services. The state or political subdivisions of the state are hereby authorized to enter into contracts with the authority for such services and to pay for such services as may be provided them;
- (q) establish accounts in one or more depositories;
- (r) lease, acquire, construct, sell and otherwise deal in and contract concerning any facilities;
- (s) have and exercise all of the powers granted to the public housing authorities by the state, except that the authority shall not have the power of eminent domain;

(t) do any and all things necessary or convenient to carry out purposes of the authority and exercise the powers given and granted in this act;

(u) assist minority businesses in obtaining loans or other means of financial assistance. The terms and conditions of such loans or financial assistance, including the charges for interest and other services, will be consistent with the provisions of this act. In order to comply with this requirement, efforts must be made to solicit for review and analysis proposed minority business ventures. Basic loan underwriting standards will not be waived to inconsistently favor minority persons or businesses from the intent of the authority's lending practices; and

(v) form one or more subsidiary corporations under K.S.A. 17-6001 *et seq.*, and amendments thereto, in accordance with the procedures therein contained. Each subsidiary corporation shall be subject to the same restrictions and limitations as to the powers and purposes to which the authority is subject. The authority may delegate any of its powers, obligations and duties to any subsidiary corporation by inclusion of such powers, obligations and duties in the articles of incorporation of the subsidiary corporation. Subsidiary corporations so formed shall constitute legal entities separate and distinct from each other, the authority and the state. The authority shall not be liable for the debts or obligations or for any actions or inactions of its subsidiary corporations unless the authority expressly agrees otherwise in writing. The authority may make loans or grants to a subsidiary corporation from time to time to enable the subsidiary corporation to carry out its purposes. The members of the authority shall constitute all of the directors of each subsidiary corporation.

The state, any municipality or any state commission, public authority, agency, officer, department, board or division authorized and empowered to enter into agreements with, to grant, convey, lease or otherwise transfer any property to, or to otherwise transact business with the authority, shall have the same authorization and power to engage in these activities with each subsidiary corporation of the authority.

One or more such subsidiary corporation may be formed for purposes of establishing state tax credit equity funds to assist in the development of low-income and middle-income housing and obtain financing through participation in the program established in section 42 of the federal internal revenue code.

Actions of the authority or any subsidiary corporation relating to housing pursuant to this subsection (v) shall be carried out in accordance with any terms, conditions and limitations relating to policy issues regarding housing, as established by the ~~secretary of commerce and housing~~ *director of housing in the Kansas development finance authority.*

One or more such subsidiary corporations may be formed for purposes of acquiring or conveying on behalf of the state and pursuant to this act a project of statewide as well as local importance, issuing bonds on behalf of the state pursuant to this act to finance a project of statewide as well as local importance or otherwise financing on behalf of the state pursuant to this act a project of statewide as well as local importance. The Kansas statewide projects development corporation is hereby created in accordance with this section.

Sec. 80. On and after July 1, 2003, K.S.A. 74-8928 is hereby amended to read as follows: 74-8928. The ~~secretary of commerce and housing~~, the state treasurer, the board of county commissioners, the director of taxation, any bond trustee or fiscal agent are authorized to enter into agreements in connection with the implementation of any redevelopment project with a redevelopment district established pursuant to K.S.A. 74-8921, and amendments thereto.

Sec. 81. On and after July 1, 2003, K.S.A. 74-8930 is hereby amended to read as follows: 74-8930. Within 120 days of the effective date of this act, developer of a project of state-wide as well as local importance shall reimburse the unified government of Wyandotte county for cash investment in the project as documented to and determined by the ~~secretary of commerce and housing~~.

Sec. 82. On and after July 1, 2003, K.S.A. 74-8942 is hereby amended to read as follows: 74-8942. As used in K.S.A. 2002 Supp. 74-8942 through 74-8945:

- (a) "Establishment" means a business that:
 - (1) Has at least \$100,000,000 in existing annual gross compensation

paid to jobs located in Kansas, according to reports filed with the secretary of human resources, for the previous three years;

(2) has an average annual gross compensation of at least \$40,000 paid per existing employee;

(3) currently has at least \$200,000,000 total investment in Kansas;

(4) intends to add investment, in the state as defined in subsection (d), for modernization and retooling of at least \$50,000,000 within five years from the effective date of this act or within five years of contracting with the department of commerce ~~and housing~~; and

(5) is described by north American industrial classification code number 326211, tire manufacturing.

(b) “Gross compensation” means wages and benefits paid to or on behalf of employees receiving wages.

(c) “Secretary” means the secretary of commerce ~~and housing~~.

(d) “Invest” or “investment” for the purpose of determining the eligibility of an establishment for the incentive payments created pursuant to this act, means an amount greater than the average amount invested by the establishment over the five years prior to the effective date of this act or for investments made after July 1, 2003, over the five years prior to entering into a contract with the secretary. If an establishment has been engaged in commercial operations for less than five years, the amount invested shall be greater than the annual average amount invested by the establishment for the entire period of commercial operation.

Sec. 83. On and after July 1, 2003, K.S.A. 74-8943 is hereby amended to read as follows: 74-8943. The Kansas development finance authority is hereby authorized to issue obligations in a principal amount not to exceed \$10,000,000 upon certification by the department of commerce ~~and housing~~ that an establishment has entered into a contract with the secretary pursuant to this act. The authority shall issue such obligations in an amount of \$1 for every \$5 the establishment shall invest as required pursuant to K.S.A. 74-8942, and amendments thereto. The maximum maturity of bonds issued pursuant to this act shall be 15 years. Such obligations shall be issued within 60 days of the date by which the secretary receives the signed contract required pursuant to K.S.A. 74-8944, and amendments thereto. The proceeds of such issuance shall be used by the authority for acquiring or improving real property or acquiring or replacing personal property for modernizing and retooling of an establishment in the state. Subject to appropriation, the debt service on such obligations shall be paid by the transfer of an amount not to exceed 75% of the revenue realized from payments by employees of the establishment pursuant to K.S.A. 79-3294, *et seq.*, and amendments thereto, but no such transfer shall commence prior to July 1, 2003.

Sec. 84. On and after July 1, 2003, K.S.A. 74-9001, as amended by section 1 of 2003 House Bill No. 2106, is hereby amended to read as follows: 74-9001. (a) There is hereby established the council on travel and tourism. The council shall consist of 17 voting members as follows: (1) The chairperson of the standing committee on commerce of the senate, or a member of the senate appointed by the president of the senate; (2) the vice-chairperson of the standing committee on commerce of the senate, or a member of the senate appointed by the president of the senate; (3) the ranking minority member of the standing committee on commerce of the senate, or a member of the senate appointed by the minority leader of the senate; (4) the chairperson of the standing committee on tourism and parks of the house of representatives, or a member of the house of representatives appointed by the speaker of the house of representatives; (5) the vice-chairperson of the standing committee on tourism and parks of the house of representatives, or a member of the house of representatives appointed by the speaker of the house of representatives; (6) the ranking minority member of the standing committee on tourism and parks of the house of representatives, or a member of the house of representatives appointed by the minority leader of the house of representatives; and (7) eleven members appointed by the governor. Of the 11 members appointed by the governor, one shall be appointed from a list of three nominations made by the travel industry association of Kansas, one shall be an individual engaged in the lodging industry and appointed from a list of three nominations made by the Kansas restaurant and hospitality association, one shall be an individual engaged in the restaurant industry

and appointed from a list of three nominations made by the Kansas restaurant and hospitality association, one shall be appointed from a list of three nominations made by the petroleum marketers and convenience store association of Kansas, one shall be appointed from a list of three nominations by the Kansas sport hunting association and six shall be appointed to represent the general public. In addition to the voting members of the council, four members of the council shall serve ex officio: The secretary of commerce ~~and housing~~, the secretary of transportation, the secretary of wildlife and parks and the executive director of the state historical society. Each ex officio member of the council may designate an officer or employee of the state agency of the ex officio member to serve on the council in place of the ex officio member. The ex officio members of the council, or their designees, shall be nonvoting members of the council and shall provide information and advice to the council.

(b) Legislator members shall be appointed for terms coinciding with the terms for which such members are elected. Of the 11 members first appointed by the governor, six shall be appointed for terms of three years and five shall be appointed for terms of two years as determined by the governor. Thereafter, all members appointed by the governor shall be appointed for terms of three years. All members appointed to fill vacancies in the membership of the council and all members appointed to succeed members appointed to membership on the council shall be appointed in like manner as that provided for the original appointment of the member succeeded.

(c) On July 1 of each year the council shall elect a chairperson and vice-chairperson from among its members. The council shall meet at least four times each year at the call of the chairperson of the council. Nine voting members of the council shall constitute a quorum.

(d) Members of the council attending meetings of such council, or attending a subcommittee meeting thereof authorized by such council, shall be paid amounts for mileage as provided in subsection (c) of K.S.A. 75-3223 and amendments thereto, or a lesser amount as determined by the secretary of commerce ~~and housing~~. Amounts paid under this subsection to ex officio members of the council, or their designees, shall be from appropriations to the state agencies of which such members are officers or employees upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chief administrative officers of such agencies. Amounts paid under this subsection to voting members of the council shall be from moneys available for the payment of such amounts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the council.

Sec. 85. On and after July 1, 2003, K.S.A. 74-9002 is hereby amended to read as follows: 74-9002. The council on travel and tourism shall: (a) Advise the department of commerce ~~and housing~~ in the development and implementation of the state's tourism marketing and business development program including, but not limited to, long-range strategies for attracting visitors to the state; (b) report to the department of commerce ~~and housing~~ information for preparation of the annual budget for the division of travel and tourism development; (c) identify and review tourism related issues and current state policies and programs which directly or indirectly affect travel and tourism in the state and, as appropriate, recommend the adoption of new, or the modification of existing, policies and programs; (d) prepare and submit as a part of the annual report of the department of commerce ~~and housing~~, pursuant to K.S.A. 74-5049, and amendments thereto, a report of findings and recommendations of the council concerning the promoting of travel and tourism in Kansas and such related matters as the council deems appropriate; and (e) perform such other acts as may be necessary in carrying out the duties of the council.

Sec. 86. On and after July 1, 2003, K.S.A. 74-9003 is hereby amended to read as follows: 74-9003. (a) There is hereby established in the state treasury the state tourism fund. All moneys credited to the state tourism fund shall only be used for expenditures for the purposes of developing new tourism attractions in Kansas and to significantly expand existing tourism attractions in Kansas. Both public and private entities shall be eligible to apply for funds under the provisions of this act.

(b) The secretary of commerce ~~and housing~~ shall administer the pro-

visions of this act. The secretary may adopt rules and regulations establishing criteria for obtaining grants and other expenditures from such fund and other matters deemed necessary for the administration of this act.

(c) All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the *director of accounts* and reports issued pursuant to vouchers approved by the secretary of commerce ~~and housing~~ or the secretary's designee.

(d) The secretary of commerce ~~and housing~~ shall prepare and submit budget estimates for all proposed expenditures from the state tourism fund in accordance with the provisions of K.S.A. 75-3717 and 75-3717b and amendments thereto. Such budget estimates shall include detailed information regarding all proposed expenditures for programs, projects, activities and other matters and shall set forth separately each program, project, activity or other expenditure for which the proposed expenditures from the state tourism fund for a fiscal year are for an amount that is equal to \$50,000 or more. Appropriations for the department of commerce ~~and housing~~ of moneys in the state tourism fund for each program, project, activity or other expenditure for a fiscal year for an amount that is equal to \$50,000 or more shall be made as a separate item of appropriation.

(e) The legislature shall approve or disapprove of any itemized expenditure from the state tourism fund.

(f) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the state tourism fund established in subsection (a) interest earnings based on:

- (1) The average daily balance of moneys in the state tourism fund for the preceding month; and
- (2) the net earnings rate of the pooled money investment portfolio for the preceding month.

Sec. 87. On and after July 1, 2003, K.S.A. 74-9004 is hereby amended to read as follows: 74-9004. (a) The council on travel and tourism, established under K.S.A. 74-9001, and amendments thereto, shall oversee all matters concerning the state tourism fund and expenditures therefrom.

(b) The council, by a majority vote, shall determine for inclusion in the department of commerce ~~and housing~~ budget expenditures from the state tourism fund.

Sec. 88. On and after July 1, 2003, K.S.A. 74-9005 is hereby amended to read as follows: 74-9005. (a) The division of travel and tourism of the Kansas department of commerce ~~and housing~~ shall prepare, with review and input from the travel industry association of Kansas, a request for proposals for a consultant to do a large scale study of public and private tourism efforts in Kansas.

(b) A notice of the request for proposals shall be published once each week for two consecutive weeks in a newspaper having general circulation in the community at least 30 days before any action thereon. The request for proposals shall also be posted on readily accessible bulletin boards in all offices of the department of commerce ~~and housing~~ and sent elsewhere as the director of travel and tourism development deems best.

(c) The request for proposals shall provide performance specifications, terms, conditions and other information as deemed advisable to facilitate the submission of a comprehensive proposal, including, but not limited to, the fact that the study will:

- (1) Analyze the strengths, weaknesses, opportunities and threats that face development of Kansas tourism;
- (2) address the interrelationship between public and private sector efforts in developing Kansas tourism;
- (3) address the interrelationship between state and local interests in developing Kansas tourism;
- (4) make specific recommendations for the attraction, development and improvement of tourism in Kansas; and

(5) be completed by January 1, 1998, with a report on the study's results and recommendations derived therefrom to be presented to the legislature, house committee on tourism, senate committee on transportation and tourism and to the governor during the 1998 legislative session.

(d) Once the requested proposals are submitted, it shall be the duty of the council on travel and tourism, established under K.S.A. 74-9001,

and amendments thereto, to review the proposals and participate in the interviewing process and final selection of a consultant.

(e) Following negotiations and development of the proposed agreement, the council on travel and tourism shall approve the final contract.

(f) Once the consultant is selected and the contract approved under this section, the selected plan's implementation shall be subject to oversight, review and approval by the council on travel and tourism.

(g) For the purposes of this section, the funds required to pay for the study shall come from state funds taken from the economic development initiatives fund under K.S.A. 79-4804, and amendments thereto which are appropriated to the department of commerce ~~and housing~~.

Sec. 89. On and after July 1, 2003, K.S.A. 74-9201 is hereby amended to read as follows: 74-9201. (a) There is hereby established the Kansas film services commission. The commission shall consist of 19 voting members as follows: (1) One member of the senate appointed by the president of the senate; (2) one member of the senate appointed by the minority leader of the senate; (3) one member of the house of representatives appointed by the speaker of the house of representatives; (4) one member of the house of representatives appointed by the minority leader of the house of representatives; and (5) fifteen members appointed by the governor. One of the members appointed by the governor shall be appointed from each tourism region recognized and designated as a tourism region by the secretary of commerce ~~and housing~~. All members appointed by the governor shall be appointed for terms of three years, except that of the members first appointed, five shall be appointed for one-year terms, five shall be appointed for two-year terms and five shall be appointed for three-year terms. The governor shall designate the term for which each of the members first appointed shall serve. In addition to the voting members of the commission, six members of the commission shall serve ex officio: The secretary of commerce ~~and housing~~, the secretary of transportation, the secretary of wildlife and parks, the secretary of health and environment, the executive director of the Kansas arts commission and the secretary of the state historical society. Each ex officio member of the commission may designate an officer or employee of the state agency of the ex officio member to serve on the commission in place of the ex officio member. The ex officio members of the commission, or their designees, shall be nonvoting members of the commission and shall provide information and advice to the commission. In addition to the voting and ex officio members of the commission, the governor may appoint such number of representatives of the film industry to nonvoting membership on the commission as may be recommended by the secretary of commerce ~~and housing~~.

(b) Legislative members shall be appointed for terms coinciding with the terms for which such members are elected. All members appointed to fill vacancies in the membership of the commission and all members appointed to succeed members appointed to membership on the commission shall be appointed in like manner as that provided for the original appointment of the member succeeded. All members appointed to fill vacancies of a member of the commission appointed by the governor shall be appointed to fill the unexpired term of such member.

(c) The members of the commission shall elect annually a chairperson and vice-chairperson for the commission from among its members. The commission shall meet at least four times each year at the call of the chairperson of the commission. Ten voting members of the commission shall constitute a quorum.

(d) Members of the commission who are not legislators shall receive mileage, tolls and parking as provided in K.S.A. 75-3223, and amendments thereto, for attendance at any meeting of the commission or any subcommittee meeting authorized by the commission. Legislative members of the commission shall be paid amounts provided in subsection (e) of K.S.A. 75-3223, and amendments thereto, for attendance at any meeting of the commission or any subcommittee meeting authorized by the commission.

Sec. 90. On and after July 1, 2003, K.S.A. 2002 Supp. 75-2935 is hereby amended to read as follows: 75-2935. The civil service of the state of Kansas is hereby divided into the unclassified and the classified services.

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

- (a) Chosen by election or appointment to fill an elective office;
- (b) members of boards and commissions, heads of departments required by law to be appointed by the governor or by other elective officers, and the executive or administrative heads of offices, departments, divisions and institutions specifically established by law;
- (c) except as otherwise provided under this section, one personal secretary to each elective officer of this state, and in addition thereto, 10 deputies, clerks or employees designated by such elective officer;
- (d) all employees in the office of the governor;
- (e) officers and employees of the senate and house of representatives of the legislature and of the legislative coordinating council and all officers and employees of the office of revisor of statutes, of the legislative research department, of the division of legislative administrative services, of the division of post audit and the legislative counsel;
- (f) chancellor, president, deans, administrative officers, student health service physicians, pharmacists, teaching and research personnel, health care employees and student employees in the institutions under the state board of regents, the executive officer of the board of regents and the executive officer's employees other than clerical employees, and, at the discretion of the state board of regents, directors or administrative officers of departments and divisions of the institution and county extension agents, except that this subsection (1)(f) shall not be construed to include the custodial, clerical or maintenance employees, or any employees performing duties in connection with the business operations of any such institution, except administrative officers and directors; as used in this subsection (1)(f), "health care employees" means employees of the university of Kansas medical center who provide health care services at the university of Kansas medical center and who are medical technicians or technologists or respiratory therapists, who are licensed professional nurses or licensed practical nurses, or who are in job classes which are designated for this purpose by the chancellor of the university of Kansas upon a finding by the chancellor that such designation is required for the university of Kansas medical center to recruit or retain personnel for positions in the designated job classes; and employees of any institution under the state board of regents who are medical technologists;
- (g) operations, maintenance and security personnel employed to implement agreements entered into by the adjutant general and the federal national guard bureau, and officers and enlisted persons in the national guard and the naval militia;
- (h) persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;
- (i) persons temporarily employed or designated by the legislature or by a legislative committee or commission or other competent authority to make or conduct a special inquiry, investigation, examination or installation;
- (j) officers and employees in the office of the attorney general and special counsel to state departments appointed by the attorney general, except that officers and employees of the division of the Kansas bureau of investigation shall be in the classified or unclassified service as provided in K.S.A. 75-711, and amendments thereto;
- (k) all employees of courts;
- (l) client, patient and inmate help in any state facility or institution;
- (m) all attorneys for boards, commissions and departments;
- (n) the secretary and assistant secretary of the Kansas state historical society;
- (o) physician specialists, dentists, dental hygienists, pharmacists, medical technologists and long term care workers employed by the department of social and rehabilitation services;
- (p) physician specialists, dentists and medical technologists employed by any board, commission or department or by any institution under the jurisdiction thereof;
- (q) student employees enrolled in public institutions of higher learning;
- (r) administrative officers, directors and teaching personnel of the state board of education and the state department of education and of

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

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

(t) one personal secretary and one special assistant to the following: The secretary of administration, the secretary of aging, the secretary of agriculture, the secretary of commerce ~~and housing~~, the secretary of corrections, the secretary of health and environment, the superintendent of the Kansas highway patrol, the secretary of human resources, the secretary of revenue, the secretary of social and rehabilitation services, the secretary of transportation, the secretary of wildlife and parks and the commissioner of juvenile justice;

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

(v) one personal secretary and one special assistant to the executive vice chancellor of the university of Kansas medical center;

(w) one public information officer and one chief attorney for the following: The department of administration, the department on aging, the department of agriculture, the department of commerce ~~and housing~~, the department of corrections, the department of health and environment, the department of human resources, the department of revenue, the department of social and rehabilitation services, the department of transportation, the Kansas department of wildlife and parks and the commissioner of juvenile justice;

(x) civil service examination monitors;

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

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

(aa) all officers and employees of Kansas, Inc. and the Kansas technology enterprise corporation; and

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

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

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

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

Sec. 91. On and after July 1, 2003, K.S.A. 2002 Supp. 79-213 is hereby amended to read as follows: 79-213. (a) Any property owner requesting an exemption from the payment of ad valorem property taxes

assessed, or to be assessed, against their property shall be required to file an initial request for exemption, on forms approved by the board of tax appeals and provided by the county appraiser.

(b) The initial exemption request shall identify the property for which the exemption is requested and state, in detail, the legal and factual basis for the exemption claimed.

(c) The request for exemption shall be filed with the county appraiser of the county where such property is principally located.

(d) After a review of the exemption request, and after a preliminary examination of the facts as alleged, the county appraiser shall recommend that the exemption request either be granted or denied, and, if necessary, that a hearing be held. If a denial is recommended, a statement of the controlling facts and law relied upon shall be included on the form.

(e) The county appraiser, after making such written recommendation, shall file the request for exemption and the recommendations of the county appraiser with the board of tax appeals.

(f) Upon receipt of the request for exemption, the board shall docket the same and notify the applicant and the county appraiser of such fact.

(g) After examination of the request for exemption, and the county appraiser's recommendation related thereto, the board may fix a time and place for hearing, and shall notify the applicant and the county appraiser of the time and place so fixed. A request for exemption pursuant to: (1) Section 13 of article 11 of the Kansas constitution; or (2) K.S.A. 79-201a *Second*, and amendments thereto, for property constructed or purchased, in whole or in part, with the proceeds of revenue bonds under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, prepared in accordance with instructions and assistance which shall be provided by the department of commerce and housing, shall be deemed approved unless scheduled for hearing within 30 days after the date of receipt of all required information and data relating to the request for exemption, and such hearing shall be conducted within 90 days after such date. Such time periods shall be determined without regard to any extension or continuance allowed to either party to such request. In any case where a party to such request for exemption requests a hearing thereon, the same shall be granted. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act. In all instances where the board sets a request for exemption for hearing, the county shall be represented by its county attorney or county counselor.

(h) Except as otherwise provided by subsection (g), in the event of a hearing, the same shall be originally set not later than 90 days after the filing of the request for exemption with the board.

(i) During the pendency of a request for exemption, no person, firm, unincorporated association, company or corporation charged with real estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, on the tax books in the hands of the county treasurer shall be required to pay the tax from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon and the same becomes a final order. In the event that taxes have been assessed against the subject property, no interest shall accrue on any unpaid tax for the year or years in question nor shall the unpaid tax be considered delinquent from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon. In the event the board determines an application for exemption is without merit and filed in bad faith to delay the due date of the tax, the tax shall be considered delinquent as of the date the tax would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, and interest shall accrue as prescribed therein.

(j) In the event the board grants the initial request for exemption, the same shall be effective beginning with the date of first exempt use except that, with respect to property the construction of which commenced not to exceed 24 months prior to the date of first exempt use, the same shall be effective beginning with the date of commencement of construction.

(k) In conjunction with its authority to grant exemptions, the board shall have the authority to abate all unpaid taxes that have accrued from and since the effective date of the exemption. In the event that taxes have

been paid during the period where the subject property has been determined to be exempt, the board shall have the authority to order a refund of taxes for a period not to exceed three years.

(l) The provisions of this section shall not apply to: (1) Farm machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (2) personal property exempted from ad valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing apparel, household goods and personal effects exempted from ad valorem taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) hay and silage exempted from ad valorem taxation by K.S.A. 79-201d, and amendments thereto; (6) merchants' and manufacturers' inventories exempted from ad valorem taxation by K.S.A. 79-201m and amendments thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n, and amendments thereto; (8) property exempted from ad valorem taxation by K.S.A. 79-201a *Seventeenth* and amendments thereto, including all property previously acquired by the secretary of transportation or a predecessor in interest, which is used in the administration, construction, maintenance or operation of the state system of highways. The secretary of transportation shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (9) property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*, and amendments thereto, including all property previously acquired by the Kansas turnpike authority which is used in the administration, construction, maintenance or operation of the Kansas turnpike. The Kansas turnpike authority shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (10) aquaculture machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in this section, "aquaculture" has the same meaning ascribed thereto by K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (12) property used exclusively by the state or any municipality or political subdivision of the state for right-of-way purposes. The state agency or the governing body of the municipality or political subdivision shall at the time of acquisition of property for right-of-way purposes notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (13) machinery, equipment, materials and supplies exempted from ad valorem taxation by K.S.A. 79-201w, and amendments thereto; (14) vehicles owned by the state or by any political or taxing subdivision thereof and used exclusively for governmental purposes; (15) property used for residential purposes which is exempted pursuant to K.S.A. 79-201x from the property tax levied pursuant to K.S.A. 72-6431, and amendments thereto; (16) from and after July 1, 1998, vehicles which are owned by an organization having as one of its purposes the assistance by the provision of transit services to the elderly and to disabled persons and which are exempted pursuant to K.S.A. 79-201 *Ninth*; and (17) from and after July 1, 1998, motor vehicles exempted from taxation by subsection (e) of K.S.A. 79-5107, and amendments thereto.

(m) The provisions of this section shall apply to property exempt pursuant to the provisions of section 13 of article 11 of the Kansas constitution.

(n) The provisions of subsection (j) and (k) as amended by this act shall be applicable to all taxable years commencing after December 31, 1995.

Sec. 92. On and after July 1, 2003, K.S.A. 2002 Supp. 79-251 is hereby amended to read as follows: 79-251. Prior to the granting of an exemption for any property from ad valorem taxation pursuant to the provisions of section 13 of article 11 of the Kansas constitution, the board of county commissioners of any county or the governing body of any city, as the case requires, shall be required to do the following:

(a) Develop and adopt official policies and procedures for the granting of such exemptions including:

(1) The required preparation of an analysis of the costs and benefits

of each exemption, including the effect of the exemption on state revenues, prior to the granting of such exemption;

(2) a procedure for monitoring the compliance of a business receiving an exemption with any terms or conditions established by the governing body for the granting of the exemption;

(b) conduct a public hearing on the granting of such exemption. Notice of the public hearing shall be published at least once seven days prior to the hearing in the official city or county newspaper, as the case requires, and shall indicate the purpose, time and place thereof. In addition to such publication notice, the city or county clerk, as the case requires, shall notify in writing the governing body of the city or county and unified school district within which the property proposed for exemption is located; and

(c) adopt a resolution containing the following findings of fact:

(1) That the property for which the exemption is to be granted will be used exclusively for the purposes specified in section 13 of article 11 of the Kansas constitution; and

(2) if the business using the property is relocating from one city or county to another within this state, that the business has received approval of the secretary of commerce ~~and housing~~ prior to qualifying for the exemption upon a finding by the secretary that such relocation is necessary to prevent the business from relocating outside this state.

Sec. 93. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3271 is hereby amended to read as follows: 79-3271. As used in this act, unless the context otherwise requires: (a) “Business income” means income arising from transactions and activity in the regular course of the taxpayer’s trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer’s regular trade or business operations, except that for taxable years commencing after December 31, 1995, a taxpayer may elect that all income derived from the acquisition, management, use or disposition of tangible or intangible property constitutes business income. The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations.

(b) “Commercial domicile” means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) “Compensation” means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) “Financial organization” means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, or any type of insurance company, but such term shall not be deemed to include any business entity, other than those hereinbefore enumerated, whose primary business activity is making consumer loans or purchasing retail installment contracts from one or more sellers.

(e) “Nonbusiness income” means all income other than business income.

(f) “Public utility” means any business entity which owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, oil, oil products or gas.

(g) “Original return” means the first return filed to report the income of a taxpayer for a taxable year or period, irrespective of whether such return is filed on a single entity basis or a combined basis.

(h) “Sales” means all gross receipts of the taxpayer not allocated under K.S.A. 79-3274 through 79-3278, and amendments thereto.

(i) “State” means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(j) “Telecommunications company” means any business entity or unitary group of entities whose primary business activity is the transmission of communications in the form of voice, data, signals or facsimile communications by wire or fiber optic cable.

(k) “Distressed area taxpayer” means a corporation which: (1) Is located in a county which has a population of not more than 45,000 persons and which, as certified by the department of commerce and housing, has sustained an adverse economic impact due to the closure of a state hospital in such county pursuant to the recommendations of the hospital closure commission; and (2) which has a total annual payroll of \$20,000,000 or more for employees employed within such county.

(l) For the purposes of this subsection and subsection (b)(5) of K.S.A. 79-3279, and amendments thereto, the following terms are defined:

(1) “Administration services” include clerical, fund or shareholder accounting, participant record keeping, transfer agency, bookkeeping, data processing, custodial, internal auditing, legal and tax services performed for an investment company;

(2) “distribution services” include the services of advertising, servicing, marketing, underwriting or selling shares of an investment company, but, in the case of advertising, servicing or marketing shares, only where such service is performed by a person who is, or in the case of a closed end company, was, either engaged in the services of underwriting or selling investment company shares or affiliated with a person who is engaged in the service of underwriting or selling investment company shares. In the case of an open end company, such service of underwriting or selling shares must be performed pursuant to a contract entered into pursuant to 15 U.S.C. §80a-15(b), as in effect on the effective date of this act;

(3) “investment company”, means any person registered under the federal Investment Company Act of 1940, as in effect on the effective date of this act, or a company which would be required to register as an investment company under such act except that such person is exempt to such registration pursuant to §80a-3(c)(1) of such act;

(4) “investment funds service corporation” includes any corporation or S corporation headquartered in and doing business in this state which derives more than 50% of its gross income from the provision of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company;

(5) “management services” include the rendering of investment advice to an investment company making determinations as to when sales and purchases of securities are to be made on behalf of the investment company, or the selling or purchasing of securities constituting assets of an investment company, and related activities, but only where such activity or activities are performed:

(A) Pursuant to a contract with the investment company entered into pursuant to 15 U.S.C. §80a-15(a), in effect on the effective date of this act; or

(B) for a person that has entered into such contract with the investment company;

(6) “qualifying business income” is business income derived from the provision of management, distribution or administration services to or on behalf of an investment company or from trustees, sponsors and participants of employee benefit plans which have accounts in an investment company; and

(7) “residence” is the fund shareholder’s primary residence address.

Sec. 94. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3271a is hereby amended to read as follows: 79-3271a. As used in this act, unless the context otherwise requires: (a) “Business income” means income arising from transactions and activity in the regular course of the taxpayer’s trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer’s regular trade or business operations, except that for taxable years commencing after December 31, 1995, a taxpayer may elect that all income constitutes business income. The election shall be effective and irrevocable for the taxable year of the election and the following nine taxable years. The election shall be binding on all members of a unitary group of corporations.

(b) “Commercial domicile” means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) “Compensation” means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) “Financial organization” means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, investment company, or any type of insurance company, but such term shall not be deemed to include any business entity, other than those hereinbefore enumerated, whose primary business activity is making consumer loans or purchasing retail installment contracts from one or more sellers.

(e) “Nonbusiness income” means all income other than business income.

(f) “Public utility” means any business entity which owns or operates for public use any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, or the production, storage, transmission, sale, delivery, or furnishing of electricity, water, steam, oil, oil products or gas.

(g) “Sales” means all gross receipts of the taxpayer not allocated under K.S.A. 79-3274 through 79-3278, and amendments thereto.

(h) “State” means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(i) “Telecommunications company” means any business entity or unitary group of entities whose primary business activity is the transmission of communications in the form of voice, data, signals or facsimile communications by wire or fiber optic cable.

(j) “Distressed area taxpayer” means a corporation which: (1) Is located in a county which has a population of not more than 45,000 persons and which, as certified by the department of commerce and housing, has sustained an adverse economic impact due to the closure of a state hospital in such county pursuant to the recommendations of the hospital closure commission; and (2) which has a total annual payroll of \$20,000,000 or more for employees employed within such county.

Sec. 95. On and after July 1, 2003, K.S.A. 2002 Supp. 79-32,160a is hereby amended to read as follows: 79-32,160a. (a) For taxable years commencing after December 31, 1999, any taxpayer who shall invest in a qualified business facility, as defined in subsection (b) of K.S.A. 79-32,154, and amendments thereto, and also meets the definition of a business in subsection (b) of K.S.A. 74-50,114, and amendments thereto, shall be allowed a credit for such investment, in an amount determined under subsection (b) or (c), as the case requires, against the tax imposed by the Kansas income tax act or where the qualified business facility is the principal place from which the trade or business of the taxpayer is directed or managed and the facility has facilitated the creation of at least 20 new full-time positions, against the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year during which commencement of commercial operations, as defined in subsection (f) of K.S.A. 79-32,154, and amendments thereto, occurs at such qualified business facility. In the case of a taxpayer who meets the definition of a manufacturing business in subsection (d) of K.S.A. 74-50,114, and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds two. In the case of a taxpayer who meets the definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and amendments thereto, no credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for which the credit is claimed equals or exceeds five. Where an employee performs services for the taxpayer outside the qualified business facility, the employee shall be considered engaged or maintained in employment at the qualified business facility if (1) the employee’s service performed outside the qualified business facility is

incidental to the employee's service inside the qualified business facility, or (2) the base of operations or, the place from which the service is directed or controlled, is at the qualified business facility.

(b) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility which is located in a designated nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) Two thousand five hundred dollars for each qualified business facility employee determined under K.S.A. 79-32,154, and amendments thereto; plus

(2) one thousand dollars for each \$100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment, as determined under K.S.A. 79-32,154, and amendments thereto.

(c) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility, which is not located in a nonmetropolitan region established under K.S.A. 74-50,116, and amendments thereto, and which also meets the definition of business in subsection (b) of K.S.A. 74-50,114, and amendments thereto, on or after the effective date of this act, shall be a portion of the income tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated, for the taxable year for which such credit is allowed, but in the case where the qualified business facility investment was made prior to January 1, 1996, not in excess of 50% of such tax. Such portion shall be an amount equal to the sum of the following:

(1) One thousand five hundred dollars for each qualified business facility employee as determined under K.S.A. 79-32,154, and amendments thereto; and

(2) one thousand dollars for each \$100,000, or major fraction thereof, which shall be deemed to be 51% or more, in qualified business facility investment as determined under K.S.A. 79-32,154, and amendments thereto.

(d) The credit allowed by subsection (a) for each qualified business facility employee and for qualified business facility investment shall be a one-time credit. If the amount of the credit allowed under subsection (a) exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income, the premium tax and privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by the net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated for the taxable year, or in the case where the qualified business facility investment was made prior to January 1, 1996, 50% of such tax imposed upon the amount which exceeds such tax liability or such portion thereof may be carried over for credit in the same manner in the succeeding taxable years until the total amount of such credit is used. Except that, before the credit is allowed, a taxpayer, who meets the definition of a manufacturing business in subsection (d) of K.S.A. 74-50,114, and amendments thereto, shall recertify annually that the net increase of a minimum of two qualified business facility employees has continued to be maintained and a taxpayer, who meets the definition of a nonmanufacturing business in subsection (f) of K.S.A. 74-50,114, and amendments thereto, shall recertify annually that the net increase of a minimum of five qualified business employees has continued to be maintained.

(e) Notwithstanding the foregoing provisions of this section, any taxpayer qualified and certified under the provisions of K.S.A. 74-50,131, and amendments thereto; which, prior to making a commitment to invest

in a qualified Kansas business, has filed a certificate of intent to invest in a qualified business facility in a form satisfactory to the secretary of commerce ~~and housing~~; and that has received written approval from the secretary of commerce ~~and housing~~ for participation and has participated, during the tax year for which the exemption is claimed, in the Kansas industrial training, Kansas industrial retraining or the state of Kansas investments in lifelong learning program or is eligible for the tax credit established in K.S.A. 74-50,132, and amendments thereto, shall be entitled to a credit in an amount equal to 10% of that portion of the qualified business facility investment which exceeds \$50,000 in lieu of the credit provided in subsection (b)(2) or (c)(2) without regard to the number of qualified business facility employees engaged or maintained in employment at the qualified business facility. The credit allowed by this subsection shall be a one-time credit. If the amount thereof exceeds the tax imposed by the Kansas income tax act on the taxpayer's Kansas taxable income or the premium tax or privilege fees imposed pursuant to K.S.A. 40-252, and amendments thereto, or the privilege tax as measured by net income of financial institutions imposed pursuant to chapter 79, article 11 of the Kansas Statutes Annotated for the taxable year, the amount thereof which exceeds such tax liability may be carried forward for credit in the succeeding taxable year or years until the total amount of the tax credit is used, except that no such tax credit shall be carried forward for deduction after the 10th taxable year succeeding the taxable year in which such credit initially was claimed and no carry forward shall be allowed for deduction in any succeeding taxable year unless the taxpayer continued to be qualified and was recertified for such succeeding taxable year pursuant to K.S.A. 74-50,131, and amendments thereto.

(f) This section and K.S.A. 79-32,160b, and amendments thereto, shall be part of and supplemental to the job expansion and investment credit act of 1976 and acts amendatory thereof and supplemental thereto.

Sec. 96. On and after July 1, 2003, K.S.A. 2002 Supp. 79-32,197a is hereby amended to read as follows: 79-32,197a. Any business firm or business entity not subject to Kansas income, privilege or premiums tax, hereinafter designated the assignor, may sell, assign, convey or otherwise transfer tax credits allowed and earned pursuant to K.S.A. 79-32,196, and amendments thereto, for an amount not less than 50% of the value of any such credit. Such credits shall be deemed to be allowed and earned by any such business entity which is only disqualified therefrom by reason of not being subject to such Kansas taxes. The business firm acquiring earned credits, hereinafter designated the assignee, may use the amount of the acquired credits to offset up to 100% of its income, privilege or premiums tax liability for the taxable year in which such acquisition was made. Only the full credit amount for any one contribution may be transferred and such credit may be transferred one time. Unused credit amounts claimed by the assignee may be carried forward for up to five years, except that all such amounts shall be claimed within 10 years following the tax year in which the contribution was made. The assignor shall enter into a written agreement with the assignee establishing the terms and conditions of the agreement and shall perfect such transfer by notifying the director of community development of the department of commerce ~~and housing~~ in writing within 30 calendar days following the effective date of the transfer and shall provide any information as may be required by the director of community development of the department of commerce ~~and housing~~ to administer and carry out the provisions of this section. The amount received by the assignor of such tax credit shall be taxable as income of the assignor, and the excess of the value of such credit over the amount paid by the assignee for such credit shall be taxable as income of the assignee.

Sec. 97. On and after July 1, 2003, K.S.A. 79-32,198 is hereby amended to read as follows: 79-32,198. The director of community development of the department of commerce ~~and housing~~ shall annually review and approve or disapprove the proposal of the provider of community services, except that, no proposal for crime prevention shall be approved without the endorsement of the agency of local government within the area in which crime prevention is to be provided. The proposal shall set forth the program to be conducted, why the program is needed, the estimated amount to be invested in the program and the plans for

implementing the program. The director is hereby authorized to promulgate rules and regulations for establishing criteria for evaluating such proposals by the provider of community services for approval or disapproval and for establishing priorities for approval or disapproval of such proposals by the provider of community services with the assistance and approval of the secretary of the department of revenue.

Sec. 98. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3620, as amended by section 5 of 2003 Senate Substitute for House Bill No. 2208, is hereby amended to read as follows: 79-3620. (a) All revenue collected or received by the director of taxation from the taxes imposed by this act shall be remitted 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, less amounts withheld as provided in subsection (b) and amounts credited as provided in subsection (c) and (d), to the credit of the state general fund.

(b) A refund fund, designated as “sales tax refund fund” not to exceed \$100,000 shall be set apart and maintained by the director from sales tax collections and estimated tax collections and held by the state treasurer for prompt payment of all sales tax refunds including refunds authorized under the provisions of K.S.A. 79-3635, and amendments thereto. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act. In the event such fund as established by this section is, at any time, insufficient to provide for the payment of refunds due claimants thereof, the director shall certify the amount of additional funds required to the director of accounts and reports who shall promptly transfer the required amount from the state general fund to the sales tax refund fund, and notify the state treasurer, who shall make proper entry in the records.

(c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) The state treasurer shall credit $\frac{5}{104}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.2%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(3) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(4) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected and received from the tax imposed by K.S.A. 79-3603, and amendments thereto, at the rate of 5%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3603, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a redevelopment district occupied by a redevelopment project or taxpayers doing business with such entity financed by a special bond project as defined in K.S.A. 12-1770a, and amendments thereto, that was determined by the secretary of commerce and housing to be of statewide as well as local importance or will create a major tourism area for the state or the project was designated as a special bond project as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond finance fund, which fund is hereby created. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3710, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such redevelopment or special bond project.

Sec. 99. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3620b is hereby amended to read as follows: 79-3620b. Moneys credited to the

city bond finance fund in accordance with the provisions of subsections (d) of K.S.A. 79-3620 and (d) of K.S.A. 79-3710, and amendments thereto, shall be distributed biannually to cities which have issued special obligation bonds to finance, in whole or in part, a redevelopment project which was determined by the secretary of commerce and housing to be of statewide as well as local importance or will create a major tourism area for the state as defined in K.S.A. 12-1770a, and amendments thereto. The state treasurer shall make such biannual distributions on such dates as mutually agreed to by the city and the state treasurer. The total of all distributions under this section shall not exceed an amount determined to be sufficient to retire the principal and interest payable on such special obligation bonds. Moneys paid to cities hereunder shall be deposited in a special fund of the city to pay the costs described herein.

Sec. 100. On and after July 1, 2003, K.S.A. 2002 Supp. 79-3710, as amended by section 8 of 2003 Senate Substitute for House Bill No. 2208, is hereby amended to read as follows: 79-3710. (a) All revenue collected or received by the director under the provisions of this act shall be remitted 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, less amounts set apart as provided in subsection (b) and amounts credited as provided in subsection (c) and (d), to the credit of the state general fund.

(b) A revolving fund, designated as “compensating tax refund fund” not to exceed \$10,000 shall be set apart and maintained by the director from compensating tax collections and estimated tax collections and held by the state treasurer for prompt payment of all compensating tax refunds. Such fund shall be in such amount, within the limit set by this section, as the director shall determine is necessary to meet current refunding requirements under this act.

(c) (1) The state treasurer shall credit $\frac{5}{98}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 4.9%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(2) The state treasurer shall credit $\frac{5}{104}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.2%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(3) The state treasurer shall credit $\frac{5}{106}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5.3%, and deposited as provided in subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(4) The state treasurer shall credit $\frac{1}{20}$ of the revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, at the rate of 5%, and deposited as provided by subsection (a), exclusive of amounts credited pursuant to subsection (d), in the state highway fund.

(d) The state treasurer shall credit all revenue collected or received from the tax imposed by K.S.A. 79-3703, and amendments thereto, as certified by the director, from taxpayers doing business within that portion of a redevelopment district occupied by a redevelopment project that was determined by the secretary of commerce and housing to be of statewide as well as local importance or will create a major tourism area for the state as defined in K.S.A. 12-1770a, and amendments thereto, to the city bond finance fund created by subsection (d) of K.S.A. 79-3620, and amendments thereto. The provisions of this subsection shall expire when the total of all amounts credited hereunder and under subsection (d) of K.S.A. 79-3620, and amendments thereto, is sufficient to retire the special obligation bonds issued for the purpose of financing all or a portion of the costs of such redevelopment project.

This subsection shall not apply to a project designated as a special bond project as defined in subsection (z) of K.S.A. 12-1770a, and amendments thereto.

Sec. 101. On and after July 1, 2003, Section 2 of 2003 Senate Sub-

stitute for House Bill No. 2208, is hereby amended to read as follows: (a) The governing body of a city may establish one or more special bond projects in any area within such city. The special bond projects shall be eligible for financing by special obligation bonds payable from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto. Each special bond project shall first be approved by the secretary. The secretary may approve a special bond project located in a redevelopment district established by a city prior to the effective date of this act. A special bond project shall not be granted to any business that proposes to relocate its business from another area of the state into such city, for the purpose of consideration for a special bond project and shall not receive any of the benefits provided by K.S.A. 12-1770 *et seq.*, and amendments thereto. A special bond project shall not be approved by the secretary if the marketing study required by section 3, and amendments thereto, indicates a substantial negative impact upon businesses in the project market area or the granting of such project would cause a default in the payment of any outstanding special obligation bonds as authorized pursuant to subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.

(b) The maximum maturity of special obligation bonds payable primarily from revenues described by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto, to finance special bond projects pursuant to this section shall not exceed 20 years.

(c) Any redevelopment project plan in a redevelopment district located in the city of Wichita that is eligible for benefits provided by K.S.A. 12-1774 *et seq.*, and amendments thereto, and includes an arena or arena-like structure shall be subject to approval by a vote by the citizens of Wichita at an election held for this purpose prior to approval by the secretary of commerce ~~and housing~~.

Sec. 102. On and after July 1, 2003, Section 16 of 2003 Senate Bill No. 237 is hereby amended to read as follows: Whenever a redevelopment district is established under this act and bonds are issued by the board of county commissioners or by the Kansas development finance authority for any redevelopment project in the district, such redevelopment project shall be regarded as a redevelopment project that was determined by the secretary of commerce ~~and housing~~ to be of statewide as well as local importance for the purposes of K.S.A. ~~2002 Supp.~~ 79-3620, 79-3620b and 79-3710, and amendments thereto.

New Sec. 103. (a) On or before June 30, 2003, the department of commerce and housing is hereby authorized and directed to adopt temporary rules and regulations setting forth an objective scoring matrix for the purpose of awarding housing tax credits.

(b) Notwithstanding the provisions of executive reorganization order no. 30, the department of commerce is authorized and directed to adopt in fiscal year 2004 permanent rules and regulations setting forth an objective scoring matrix for the purpose of awarding housing tax credits. Thereafter the Kansas development finance authority is authorized to amend or supplement any such rules and regulations.

Sec. 104. On and after July 1, 2003, K.S.A. 2-3602, 12-1770a, as amended by section 1 of 2003 Senate Substitute for House Bill No. 2208, 12-1771b, 12-1771d, 12-1774, as amended by section 4 of 2003 Senate Substitute for House Bill No. 2208, 12-5242, 32-873, 32-874a, 32-874b, 32-874d, 32-874e, 39-1605, 65-5721, 72-4436, 72-4437, 73-2402, 73-2404, 74-520a, 74-567, 74-575, 74-2622, 74-2916, 74-32,151, 74-4911f, 74-5002f, 74-5002g, 74-5002h, 74-5002i, 74-5002j, 74-5002k, 74-5002n, 74-5002o, 74-5049, 74-5073, 74-5074, 74-5082, 74-5083, 74-5084, 74-5085, 74-5086a, 74-5089, 74-5091, 74-5095, 74-5096, 74-5097, 74-50,103, 74-50,104, 74-50,105, 74-50,106, 74-50,107, 74-50,108, 74-50,109, 74-50,110, 74-50,111, 74-50,114, 74-50,115, 74-50,131, 74-50,133, 74-50,134, 74-50,151, 74-50,152, 74-50,153, 74-50,156, 74-50,157, 74-50,158, 74-50,159, 74-50,160, 74-50,162, 74-50,163, 74-7295, 74-8001, 74-8002, 74-8004, 74-8005, 74-8006, 74-8007, 74-8010, 74-8101, 74-8221, 74-8405, 74-8831, 74-8904, 74-8928, 74-8930, 74-8942, 74-8943, 74-9001, as amended by section 1 of 2003 House Bill No. 2106, 74-9002, 74-9003, 74-9004, 74-9005, 74-9201 and 79-32,198 and K.S.A. 2002 Supp. 2-1921, 40-4702, 58-1401, 58-1405, 58-1406, 58-1407, 75-2935, 79-213, 79-251, 79-3271, 79-3271a, 79-32,160a, 79-32,197a, 79-3620, as amended

by section 5 of 2003 Senate Substitute for House Bill No. 2208, 79-3620b and 79-3710, as amended by section 8 of Senate Substitute for House Bill No. 2208, and section 2 of 2003 Senate Substitute for House Bill No. 2208, and section 16 of 2003 Senate Bill No. 237 are hereby repealed.

Sec. 105. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE concurred in
HOUSE amendments _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE
as amended _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.